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Finance for Europe

ISDA. Safe, Efficient Markets

Consultation Response

Public consultation on the revision of the EU Non-Financial Reporting Directive ('NFRD')

11 June 2020

Introduction and Synthesis

Transition to a safe, carbon neutral and resilient economy is fundamental in ensuring long-term sustainable growth and competitiveness of the European Union's economy. The non-financial information needs of the investment and banking community around Environmental, Social and Governance ('ESG') factors are increasing quickly. This is driven by the rising threat of climate change, environmental degradation as well as disruptions to the economy and society, as revealed by the COVID-19 crisis. To accelerate the transition, there is a pressing need to better understand, measure and manage the related sustainability risks potentially affecting businesses, as well as identify sustainable investment opportunities. The recent rapid growth in financial products linked to sustainability, also requires enhanced transparency about the integration of ESG considerations into the investment and lending activities underlying such financial products. Additionally, the **recent EU regulations[1], which established the founding blocks of the EU sustainable finance framework in line with the European Commission's Action Plan[2], create an increased dependency for financial market participants on high quality and reliable ESG data from borrowing/investee companies**.

AFME and ISDA ('the Associations', also 'we', 'our', 'us') fully support the legislative measures (i.e., Taxonomy, Disclosure and Climate Benchmarks) adopted under the 2018 Action Plan to provide investors and investees with tools to help make better informed sustainability related decisions. However, **we stress that complying with the new requirements to disclose the extent to which a financial product finances an environmentally sustainable economic activity, requires financial institutions to rely on the disclosures made by their clients (e.g. borrowing/investee companies)**. Therefore, the availability of timely, robust, accessible and affordable ESG data has become crucial.

The Associations thus welcome the European Commission's initiative to revise the Non-Financial Reporting Directive ('NFRD') with a view to further enhance the availability and reliability of ESG data. We strongly believe that, through a holistic approach, **this initiative should aim to ensure consistency between the disclosure requirements established by the revised NFRD ('new or revised reporting standards') and the obligations imposed by the new EU legislative framework on sustainable finance**. We stress, however, that there would still be a timing mismatch between the application deadlines for the new legislative measures, such as the EU Disclosure and Taxonomy Regulations (10 March 2021 for the Disclosure regulation and 1 January 2022 for the technical screening criteria on climate change mitigation and adaptation environmental objectives under the EU Taxonomy) and the foreseeable timing of the first non-financial reporting cycle under the revised reporting standards, with such a cycle unlikely to be completed before 1 January 2022. We also note that the Technical Expert Group on Sustainable Finance ('TEG') in its final Taxonomy report stated that it will be "challenging" for financial market participants to complete their first

[1] EU Disclosure Regulation (Regulation on sustainability-related disclosures in the financial services sector)
EU Taxonomy Regulation (Regulation on the establishment of a framework to facilitate sustainable investment)
EU Low Carbon Benchmarks Regulation (Amending EU Benchmark Regulation as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks)
[2] European Commission's 2018 Action Plan on Financing Sustainable Growth

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set of disclosures against the Taxonomy, covering activities that substantially contribute to climate change mitigation and/or adaptation, by 31 December 2021 as the new NFRD corporate disclosures obligations required by the Taxonomy Regulation (Article 8) will become effective only in the course of 2022.

We would thus encourage the European Supervisory Authorities to facilitate supervisory flexibility by the National Competent Authorities in relation to the compliance with the above-mentioned Regulations. Additionally, we would like to highlight that a phase-in approach will be necessary for those financial undertakings that will be subject to reporting requirements under Article 8 of the EU Taxonomy Regulation as well as subject to the revised NFRD. As referred to above, at least one fiscal year would be necessary from the first complete reporting cycle under the revised NFRD by non-financial undertakings until the respective reporting obligations take effect for financial institutions. In case such a gradual approach cannot be introduced for all reporting requirements, it would be necessary to postpone any requirements that would need information which can only be sourced from the borrowers/investees (e.g. scope 3 GHG, the % of the balance sheet eligible to the EU Taxonomy, etc.) vs own information, such as climate policies and strategies.

We further believe that a globally harmonised approach to sustainability reporting is pivotal to prevent the proliferation of various emerging public and private reporting initiatives which are often not aligned and would make reporting costly and time-consuming for preparers and confusing to users. In this respect, as highlighted by IOSCO in its recent report on Sustainable Finance[3], companies operating cross-border particularly suffer from additional costs, complexity, and reduced reliability of data due to the lack of harmonisation of ESG disclosure requirements. The Associations therefore believe that better cross-border alignment and mutual recognition of reporting requirements at the EU level would enhance the quality, comparability, and reliability of non-financial information. In addition, as regards more specifically the EU, we think that such **harmonisation can be achieved by introducing mandatory EU-wide ESG reporting and disclosure requirements via a separate Regulation**, along the existing NFRD (similar to MiFID II and MIFIR)**.** EU's mandatory ESG reporting requirements should be based, as much as possible, on the best practices emerging from existing global frameworks and particularly with reference to the disclosure requirements of the EU Taxonomy Regulation (Article 8). Furthermore, in line with the EU's ambition to lead the way in sustainable finance, **it is important that the EU develops standards reflecting the global nature of the investable universe with sustainability objectives and recognises equivalent foreign standards while ensuring a level playing field for European companies subject to the European standards**.

Third-party assurance requirements would need to be established around the reported ESG information to ensure information reliability at the EU level, with limited assurance generally being most appropriate at this stage.

Finally, **the digitisation of such information would be important to facilitate its efficient processing and analysis** by users through existing and developing technological capabilities.

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[3] Sustainable Finance and the Role of Securities Regulators and IOSCO: https://www.iosco.org/library/pubdocs/pdf/IOSCOPD652.pdf

Quality and scope of non-financial information to be disclosed

As noted above, the scope and quality of non-financial information disclosed by companies remain highly uneven and, more specifically, it is the lack of comparability and reliability of non-financial information by issuers that would need to be addressed as a priority.

The NFRD, as currently in force, requires companies in scope to disclose information about four non-financial matters: environment, social and employee issues, human rights, and bribery and corruption. Furthermore, the NFRD requires companies to disclose information on their business model, policies, risks and KPIs. Although the scope of the current NFRD is comprehensive in principle, companies report this information in the “free format”, in effect leaving much room as to the level of detail provided. In particular, there is a lack of information on how companies set and monitor their ‘E’ and ‘S’ policies as well as how they manage related risks throughout their business processes.

Therefore, the Associations recommend introducing mandatory reporting and disclosure requirements around material and sector-based ESG risks and factors. We note that such requirements should be aligned as much as possible with the disclosure requirements embedded in the EU Taxonomy Regulation (Article 8) and to be detailed in the Delegated Acts, and that a pragmatic approach would be to source the best practices in existing standards, such as, for example, the recommendations by the Task Force on Climate-related Financial Disclosures (‘TCFD’), the Sustainability Accounting Standards Board (‘SASB’) framework, and the Global Reporting Initiative (‘GRI’).

We also acknowledge that in June 2019 the Commission published voluntary *Guidelines on reporting climate related information*, which aim to mirror the TCFD recommendations. However, we think that the Guidelines go beyond the TCFD framework where it concerns the recommended KPIs for banking and insurance industry[4] as well as the Taxonomy Regulation[5]. We believe that, were these KPIs to be made mandatory, it would be at best a resource-intensive exercise, if not unfeasible. If the non-binding guidelines are to be used as a foundation for European mandatory reporting requirements around climate matters, the guidelines should be reviewed for (though not limited to):

- **Proportionality:** Flexibility should be allowed not only for SMEs, but also for large universal financial institutions with complex portfolios comprised of diverse financial products. This also stands true for the real economy sectors: large diversified industrial companies might need to focus on their most carbon-intensive operations as a priority. Therefore, a balanced approach between the value of information to be disclosed and the efforts needed to gather and process this information is much needed. Additionally, the application of the Guidelines to non-EU exposures in an international portfolio will be difficult and there is a need for appropriate alignment between information that companies receive and information that companies are expected to produce.
- **Practicality:** Many of the indicators proposed by the Guidelines are not currently required to be disclosed by banks, and some might not be feasible in the near term. Examples include portfolios that

[4]For example:
Table 4 – Disclosure on Principal Risks and Their Management recommends in item 2 to "…include the principal risks resulting from any dependencies on natural capitals threatened by climate change such as water, land, ecosystems or biodiversity". That could be read as just an extension on the overall climate change risk disclosure under TCFD but also could be read as a separate disclosure of natural capital.
In the Further Guidance for financial institutions Section 4 item 7 suggests disclosing "how climate related risks could affect overall solvency needs of insurance companies and banks' present and future regulatory capital requirements." Reporting this information is not possible at this stage in the absence of an agreed methodology for climate scenario analysis and any decisions on “green” and “brown” prudential factors.
The KPIs also have examples of disclosures going beyond TCFD such as for banks, "credit risk exposures and volumes of collateral by geography/country of location of the activity or collateral with an indication of those countries /geographies highly exposed to physical risk"
[5] Where it concerns the common KPIs % turnover and / or % investment (CapEx) and/or expenditures (OpEx) in the reporting year from products or services associated with activities eligible under the EU taxonomy. This indicator cannot be applied to banks and should apply only to corporate sectors, as clearly stated in Article 8 paragraph 2 of the Taxonomy Regulation.

include unlisted companies (not otherwise covered by the NFRD) that do not disclose data, or portfolios that include financial services companies where the weighted average carbon intensity cannot be calculated in a meaningful way.

- **Prioritisation:** Metrics and indicators that would be most useful to investors should be identified and prioritised.
- **Paris Agreement alignment:** The required metrics and indicators should measure consistency with the goals and targets of the Paris Agreement.

To make informed comparisons, investors need to be able to benchmark and analyse ESG performance trends as well as measure the impact of their investments using the reported information on a sector-by-sector basis. We think that this could be achieved via establishing a minimum common set of cross-sectoral key performance indicators (KPIs) as well as common principles for their methodologies, such as, for example (but not limited to), those laid out by the World Economic Forum International Business Council ('IBC') in its recent discussion paper[6]. Such KPIs should be determined through an analysis of what is already being published by companies under existing standards as well as an analysis of KPIs that will be needed regarding other pieces of EU legislation. We note that, though common indicators could still exist both for financial and non-financial industries, their business models and activities are very different and thus need to be considered separately. Therefore, industry specific KPIs would be an essential tool to promote more objective comparability between companies domiciled in various Member States, operating in the same sector. We note that such industry specific KPIs must also, to the extent possible, take into account the Technical Screening Criteria ('TSC') as well as the percentage of "green share" (i.e. the percentage of the activity that is aligned with the EU Taxonomy TSCs) under the Taxonomy Regulation and the future Delegated Acts. However, we note that there are instances where the TSC may not be addressed with a single numeric KPI. This could be the case for the "do no significant harm" elements, where the "other" environmental or social goals might still be an important part of a company materiality and, therefore, reporting, but which cannot always be simplified into a single numeric goal. Therefore, we stress that a holistic view of KPIs is important when considering the company level materiality and disclosure.

We further note that it would be crucial to avoid bringing into the NFRD's scope commercially sensitive information. Expectations around disclosures should remain pragmatic and acknowledge that certain information is of commercial value.

Most importantly, we stress that financial institutions cannot appropriately disclose non-financial information, if such information is not disclosed by investee companies. To ensure disclosure consistency, financial institutions should be required to report sustainability-related information to the extent it is disclosed and verified. We further think that there should be alignment of the reporting requirements for financial institutions under NFRD with any requirements under other banking regulations (e.g. Pillar 3 requirements, CRR2/CRD5 package) to optimise reporting processes within financial institutions, including banks. We note that members of the Associations are already obliged to report under a range of EU, as well as national and international laws, and to a larger extent than the non-financial sector. Therefore, it is critical to minimise administrative burden caused by any additional reporting requirements. To this point we also note that there is a risk that certain financial institutions may be caught by the new disclosure regime under both the EU Disclosure regulation and the revised NFRD. Hence, it would be necessary to ensure that there are no overlaps leading to unnecessary and disproportional operational burden for such companies. Finally, we believe that companies should report on the basis of their own material issues, based on commonly accepted approaches to determine materiality (both financial and non-financial) within and across industries (refer to section ***Application of the principle of materiality***).

[6] http://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf

Standardisation

The fundamental reason for standardising non-financial information reporting is to improve the comparability of environmental, social and governance information supplied by reporting organisations operating across the European Union and with the view to promoting consistency in reporting practices internationally. Additionally, standardisation would also improve access to data, help companies to structure themselves to provide the data and would support the assessment and reliability of the data. Currently, legal systems laying down guidelines for non-financial reporting vary considerably, which impedes comparability across enterprises and jurisdictions and prevents assessments of their actions and the ESG policies adopted. It would, therefore, be necessary to develop standardised rules for ESG reporting, including the format and scope of reporting. Furthermore, given that financial institutions will be obliged to report on the underlying ESG factors of investee companies, such a standardisation is essential for them to be able to disclose on their own non-financial performance.

We note, however, that standardisation should not preclude from allowing for some degree of flexibility in terms of information that companies would consider useful to provide, based on the corporate purposes of the reporting organisation and the user (e.g. investor) type. For example, some investors may be willing to sacrifice part of financial returns as long as their investments are "dark green", whilst others may want to use ESG data primarily for financial risk management. The process should ensure that these different investment needs are met. To achieve these objectives across the EU, the Associations believe that the new set of sustainability reporting standards would need to be introduced via a separate regulation to avoid national transposition divergences at Member State level.

A key concern for the industry is how NFRD requirements are compatible with other evolving standards for sustainability reporting globally. As highlighted by IOSCO in its report[7], alignment of disclosure frameworks could be a way to increase clarity and ensure a more common understanding of reported information. Therefore, we think that the new European non-financial reporting standard should be based, as much as possible, on the best elements of the existing standards, such as the TCFD, the SASB and the GRI.

It would also be necessary to create a reporting equivalence regime, in order to exempt EU subsidiaries from having to comply separately with the NFRD requirements if the home country standards of the parent are deemed equivalent and the non-financial information is presented for the group under such equivalent standards. We think that providing non-financial information at group level, would often provide a more holistic view of the information and reflect that the parent is the primary issuer of debt and equity. The equivalence regime should ensure in particular that European companies are not suffering from an unlevel playing field and that they can still access all required data from third-country investees to comply with the European standard (i.e. the EU should ensure that there is a reciprocity of the equivalence rules). The equivalence regime should provide for an outcome-based equivalence framework that will allow parent companies to voluntarily comply with the requirements of the new EU reporting standards.

Whereas we acknowledge that the revised reporting framework should include sector-specific elements when they are necessary to comply with the reporting obligations established by other EU legislation, such reporting requirements should nevertheless seek to simplify and optimise the number of possible disclosures and indicators.

The Associations believe that the revised reporting framework should be developed with contributions from a range of stakeholders, such as investors, preparers, auditors and industry bodies. Furthermore, in order to

[7] Sustainable Finance and the Role of Securities Regulators and IOSCO: https://www.iosco.org/library/pubdocs/pdf/IOSCOPD652.pdf

promote consistency with other sustainable finance regulations and ensure an internationally coordinated supervisory approach, we believe that the EU should involve in the process of developing the new standards not only European bodies (such as ESMA, EBA, EIOPA, EEA, EFRAG, the Accounting Regulatory Committee and the Platform on Sustainable Finance), but also key national and international standard-setting bodies. More specifically, the EU should coordinate its work with the activities carried out by IOSCO and its Sustainability Task Force ('STF'), which will identify and develop categories of disclosure which are material for investors ('decision useful') and which are capable of falling within the supervisory and regulatory competence of securities regulators.

Application of the principle of materiality

Materiality is an essential part of effective reporting, since it allows companies and their stakeholders to focus on issues relevant to their decision making. Financial materiality is defined by the International Accounting Standards Board as "*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*".

We think that reporting of the impact of ESG risks and factors *on the financial position and financial results of a reporting entity* should follow this established principle. We believe that the SASB Materiality Map (financial materiality) and the GRI principles (non-financial materiality) taken together are a useful instrument in identifying material sustainability issues per sector.

Defining materiality of the impact of the reporting entity's activities *on social and environmental factors* would be different. Metrics to be used for this purpose are likely to be predicated on external, science-based parameters, standards and targets as a relative measure or benchmark rather than on company specific measures (e.g. financial materiality can be viewed as a percentage of net capital or total assets of the reporting entity whilst non-financial materiality would likely be tied to key metrics that would ultimately be used to measure cumulative environmental and/or social impact on the economy, such as e.g. global carbon emissions).

To assist companies with the application of the non-financial materiality concept, we believe that such metrics should be clarified and made available to industries in a coordinated way. Specifically, we believe it would be preferable for the EU to establish pre-defined, cross-sectoral and sector-specific material KPIs (e.g. as much as possible based on existing global frameworks and taking into account requirements stemming from existing EU legislation, such as the Taxonomy) reflecting the objective impacts (both *of sustainability risks and considerations on the company's financial position and performance* and *of company's activities on sustainability factors*). However, we also acknowledge that defining materiality might be impacted by company specific value creation opportunities and strategies as well as varying investor needs. Therefore, we think there should be flexibility allowed to supplement the pre-defined KPIs with company specific materiality assessment. To sum up, companies should, as a default, follow this materiality assessment process set across the EU on a "comply or explain" basis and justify if and why a separate materiality assessment process was used. If they choose to use their own materiality assessment process, companies should disclose the methodology used in order to provide the market with the relevant information. We think that such an approach would promote better clarity around reporting practices and help their further harmonisation.

Assurance

Under the NFRD, there is no mandatory requirement for external assurance of non-financial information. However, now that there are legal requirements for financial market participants to disclose the ESG risks and factors of their financial products based on data sourced from issuers of the instruments underlying the financial products, mandatory third-party assurance around such data would be critical. It would help enhance the quality and credibility of the non-financial information reported by issuers and consequently by financial product manufacturers and distributors. As a result, this would help decrease the risk of mis-selling and greenwashing for investors.

Though the Associations believe that non-financial reporting needs to eventually become a professional discipline with its own accounting and assurance frameworks, we think it is still a long journey ahead for this to fully develop (e.g. it took many years to develop internationally recognised financial reporting standards). Therefore, in order to ensure the most workable approach at the current stage, we would recommend that the revised NFRD should require "limited assurance" with respect to material non-financial information.

We think that requiring limited assurance (e.g. using ISAE3000 assurance framework) would be most appropriate given the current level of maturity of non-financial reporting practices. In this respect, we note that it would not be possible to achieve reasonable assurance where reported information is, for instance, largely provided based on a combination of actual data and estimations.

We consider that seeking to obtain reasonable assurance might be attainable and justifiable for quantitative data, where defined and established methodologies/criteria are in place for collecting and reporting such information (e.g. the reporting of scope 1 and 2 GHG emissions or figures relating to sustainable products and tax if that information is derived from financial systems). However, we would strongly support that the quality of information, especially regarding quantifiable and measurable data, is improved and standardised as a first step, in accordance with our recommendations above. Therefore, we would recommend that mandatory assurance be introduced on a phase-in basis where e.g. firms would be required to obtain assurance around their non-financial information reported in the second reporting cycle after the application of the revised standards.

We think it is critical for financial institutions to be able to rely on information verified by qualified third-party assurance providers. In our view, assurance of non-financial information should be performed by organisations, either financial audit firms or others, which have been explicitly accredited/licensed for verifying such information. We note that some accounting firms might not be able at this stage to perform a verification of highly specialised data, requiring environmental subject matter experts and verifiers of environmental management systems, yet we think that these capabilities can be built over time.

As referred to in this paper above, AFME believes that the European Commission should establish a common set of cross-sectoral and sector-specific indicators on what constitutes material to aid both preparers of non-financial information and assurance providers in ensuring that material ESG information has not been omitted or misrepresented. In this case, assurance providers will not need to audit the materiality of indicators that have been determined as material by the Commission, however they will still need to verify that companies reported on such indicators. We acknowledge that entities might have own specificities that should be accounted for when defining what is material for them. Therefore, where firms choose not to follow the pre-defined indicators, report on additional indicators and/or take an otherwise flexible approach, firms should be required to have their materiality assessment process audited by a qualified organisation.

Finally, as already explained, we reiterate that financial institutions cannot be held accountable for publishing and assuring information that their clients are not themselves required to publish and assure.

Digitisation, structure and location of non-financial information

The Associations think that digitisation of ESG information would enable better usability and cost efficiency of information analysis. However, before digitalising, the necessary reporting standards should be put in place first, otherwise a premature digitisation would only add an unjustified burden to companies which are already reporting on a voluntary basis. We think that market participants would benefit from having a repository of key ESG data reported by companies which would be centrally maintained by the European Union. This may be particularly helpful to smaller investors and financial institutions as it would promote affordability of such data alongside the ease of access. However, we stress that standardisation of reporting is needed as the priority followed by establishing the basis for its digitisation.

The NFRD currently allows companies to disclose the non-financial information in a separate report, which does not necessarily have to be published at the same time as the annual report (up to 6 months from the balance sheet date). We believe that it should continue to be at a firm's discretion to determine the location of non-financial information publication (i.e. in a separate report or not), although acknowledging that it may make the data collection process more difficult for users. Publishing relevant non-financial information at the same time as the annual financial report may be seen as promoting better coherence between the non-financial and financial disclosures and enable more timely integration of the ESG information in the financial institution's processes and disclosures. However, we recognise that this approach can be more costly for companies to apply, at least at the initial stage, as the preparation and assurance of financial and non-financial information would need to be performed in parallel. Therefore, we think that publication of the non-financial information in a separate report at a time different than the financial report should still remain an option (potentially as a transition phase), if there is a legislative mechanism in place to ensure proper supervision around information published separately.

Personal scope

The current NFRD applies to large Public Interest Entities ('PIEs') with more than 500 employees (large listed companies), and large banks and insurance companies (whether listed or not). We note that the current scope fails to capture a significant portion of the investment universe, such as private companies that are significant to the economy in the context of their environmental and social impact. Furthermore, at the moment, collecting harmonised ESG information from private companies is most challenging. For this reason, the Associations believe that the NFRD scope of application should be expanded to include large non-listed companies (the definition of a large non-listed company should be consistent with that of a large listed company in terms of its balance sheet size, turnover and the number of employees). We highlight again the point made previously that a minimum set of common metrics and indicators should be made available to define what constitutes a material impact on the environmental and social factors across and within industries. Private companies could then be required to report on such minimum set of indicators using the agreed metrics further promoting the comparability of such information.

We further note that SMEs are under increasing pressure to provide non-financial information, especially if they are suppliers to large companies. Being aware that the administrative and economic costs of reporting would be significant (especially for micro businesses), the Associations believe that SMEs should be allowed to adopt a simplified standard, based on a very rigorous application of the materiality principle and sector specific exposure to risks, which would reduce the number of metrics that SMEs would report. We thus recommend developing a separate and simplified ESG reporting framework for SMEs – similar by principle to the International Financial Reporting Standards for SMEs[8] or other relevant initiatives at the national level. We further think it would be necessary to provide technical assistance and capacity building for these

[8] https://www.ifrs.org/issued-standards/ifrs-for-smes/

companies. Such a standard, in our opinion, should be mandatory, as this is the only way to ensure consistent and robust reporting, on which financial institutions would rely to comply with their corresponding reporting obligations. We acknowledge, however, that a phase-in approach would be justifiable in this case given the effort that would be required to operationalise new, even if simpler, requirements. Finally, given that the SMEs definition according to the EU law is quite broad, the Associations recommend evaluating an exemption for microbusinesses (below 10 employees). Such small companies may simply not have skills and resources to disclose required information.

Finally, to promote better supervisory convergence, the Associations think that the same authorities (such as NCAs) should supervise compliance with the revised reporting requirements for both listed and non-listed companies.

Conclusion

The EU agenda on sustainable finance will play a key role in the radical transformation needed to achieve sustainability objectives set by the European Green Deal. To realise such a shift, capital markets need high-quality data on ESG matters, as this data is the basis for sustainable decision-making. Financial institutions are ready to provide their contributions, but they need to be able to access relevant, reliable, quality data from their investees. The revision of the NFRD constitutes a unique opportunity to facilitate the availability of such data and to align the non-financial reporting requirements with the legal provisions established by the new EU legislation on sustainable finance.

We would like to thank the EU policymakers for the vital work accomplished so far and we look forward to continued engagement and dialogue on this important matter. We stand ready to discuss the content of this paper or to provide any further clarity regarding the statements made.

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About AFME
AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in 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) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu.

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About ISDA
Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 900 member institutions from 73 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org.