



## **ESMA survey on collection of evidence on undue short-term pressure from the financial sector on corporations.**

**Link to the paper: ESMA survey on collection of evidence on undue short-term pressure from the financial sector on corporations.**

### **1.- Target participants**

This call for evidence is addressed, in particular, to:

- Participants in the financial sector (issuers, financial institutions and investment firms, management companies, collective investment schemes) and their associations.
- Investors (institutional and retail) and their associations.

### **2.- Information Note**

The European Commission, in accordance with the Action Plan "Financing Sustainable Growth", has invited the three European Supervisory Authorities (ESAs) to prepare a report on potential short-term pressures on business and industrial corporations stemming from the financial sector. These corporations are under particular pressure to obtain short-term results, disregarding medium- and long-term sustainability goals.

The aim of the questionnaire is to gather evidence on market practices and the opinions of financial market participants. The answers will be taken into account in the advice that ESMA, along with the EIOPA and the EBA, is to provide to the European Commission on the potential existence of short-term pressures from the financial sector.

The structure of the questionnaire is as follows:

*Section I: General information about the respondent (profile)*

*Section II: Investment strategy and investment horizon*

ESMA seeks to understand how short- and long-term objectives are prioritised in investment activities.

*Section III: Disclosure on environmental, social and corporate governance factors (ESG factors) and the contribution of such disclosure to long-term investment strategies.*

The questions in this section are primarily addressed to institutional and retail investors that make use of the information in issuer's public reporting in their investment decisions, as well as to issuers that provide such information.

*Section IV: The role of fair value in better investment decision-making.*

ESMA seeks to gather evidence as to whether or not the accounting treatment is appropriate for long-term investments and how assets on balance sheets should be valued ("mark-to-market" or "fair value").

*Section V: Institutional investors' engagement*

ESMA primarily addresses these questions to institutional investors and invites them to share their experiences and concerns. In particular, ESMA seeks their views on how to align the long-term strategy with the revised Shareholder Rights Directive that has recently entered into force, which is aimed at encouraging shareholder engagement in EU listed companies.

*Section VI: Remuneration of fund managers and corporate executives.*

ESMA examines whether remuneration policy and practices of fund managers may be a driver of short-termism and whether this could also occur in the case of issuers' remuneration packages assigned to their executives.

*Section VII: Use of Credit Default Swaps (CDS) by investment funds.*

ESMA seeks to assess whether the use of CDS or other derivatives could be one of the potential drivers of short-termism.

*Section VIII: Final*

ESMA allows respondents to include or raise additional considerations on the topic of undue short-term pressures on corporations from the financial sector which they have not been able to reflect elsewhere in the questionnaire.

### **3.- Submission of comments**

The deadline for submitting comments is: **29 July 2019.**

Those interested may send their comments by completing the EUSurvey available at the following link: <https://ec.europa.eu/eusurvey/runner/ESMA-SUS-2019>

Likewise, please send a copy of your answers to the CNMV to the following email address:  
[Documentosinternacional@cnmv.es](mailto:Documentosinternacional@cnmv.es)

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