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The AMF reiterates its call for a European regulation of ESG data, ratings, and related services

In its response to the European Commission's public consultation on ESG ratings, the AMF reiterates the need for a European regulatory framework for providers of ESG data, ratings and related services.

As the market for sustainability-related services continues to grow at a rapid pace and as these products play an increasingly central role in financial markets, the provision of sustainability-related products remains largely unregulated.

Such situation confirms the need for a European regulatory framework for the provision of ESG data, ratings and other services. The AMF's response to the European Commission's public consultation renews the positions developed in the position paper jointly published in December 2020 with its Dutch counterpart, the Autoriteit Financiële Markten (AFM).

Ensuring investor protection

The AMF stresses in particular the following main points of attention:

- This future regulation must cover the entire range of ESG data, ratings and services and not be limited to ESG ratings. Indeed, the issues identified are common to all these products.
- This regulation should include transparency requirements on methodologies, the underlying data used (source and nature), and the objectives of the products (notably

risk or impact). It should also include requirements for conflict of interest management, internal control procedures, and enhanced dialogue with companies that are subject to ESG ratings. At this stage of the market's development, where the analysis of ESG performance remains protean and evolving, this regulatory framework must not lead to a standardisation of methodologies, but must guarantee sufficient transparency from the players vis-à-vis the market.

- The supervision of players must be centralised at European level, with the aim of guaranteeing a harmonised supervision and in line with the structure of this market. Entrusting this task to the European financial markets regulator, ESMA, would make it possible to benefit from its experience in supervising credit rating agencies and would be consistent with the plan to entrust it with the supervision of external examiners of European green bonds.
- Actors wishing to provide ESG data or services to EU market participants must operate through a permanent establishment in the EU and be registered with ESMA.

Read more

European Commission targeted consultation on the functioning of the ESG ratings market in the European Union and on the consideration of ESG factors in credit

📄 ratings

AMF response to the targeted consultation on the functioning of the ESG ratings market in the European Union and on the consideration of ESG factors in credit

📄 ratings

French and Dutch financial market authorities call for a European regulation of ESG data, ratings, and related services (position paper December 2020)

📄 Provision of non-financial data: mapping of stakeholders, products and services

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