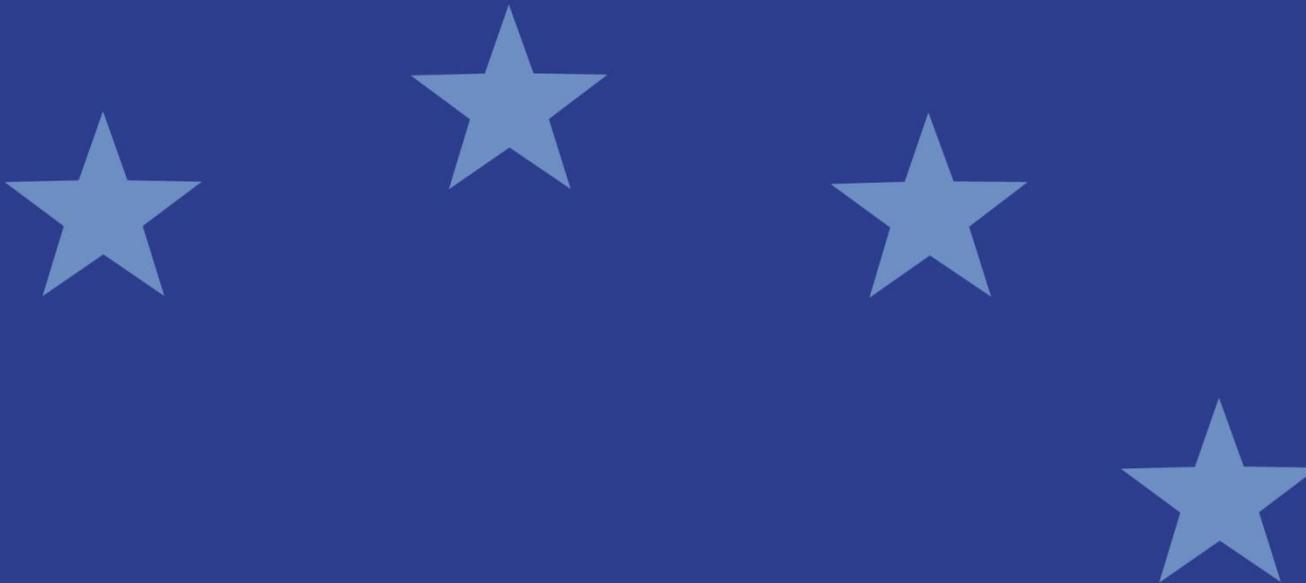




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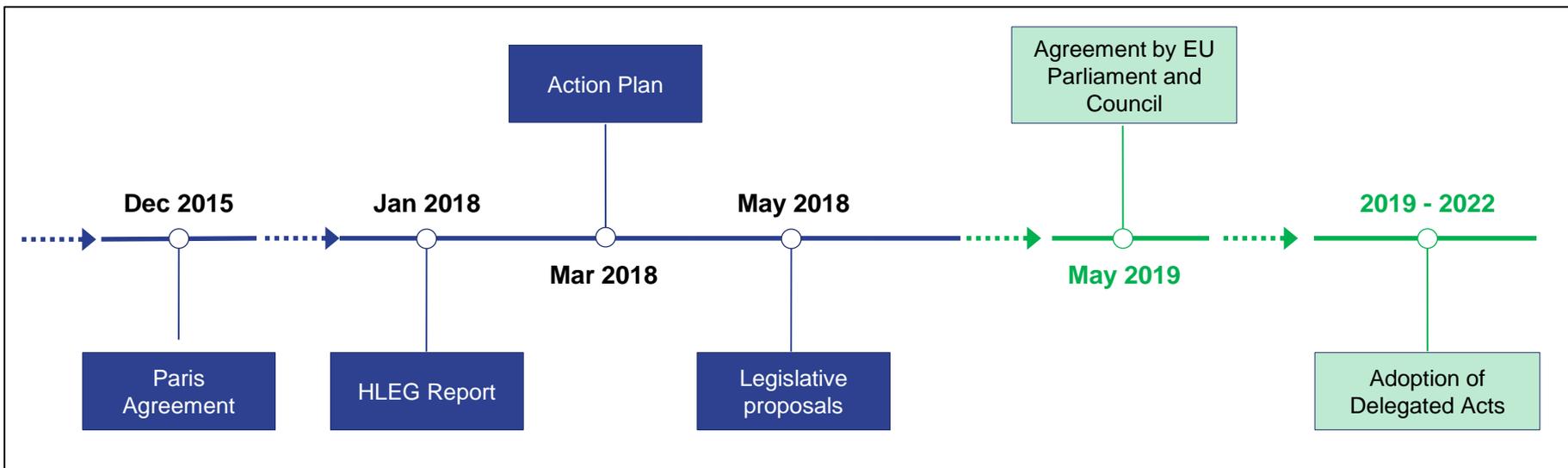
ESMA Public Hearing on Sustainable Finance Short-termism in Capital Markets

Paris, 4 February 2019



Sustainable Finance Action Plan

The Commission's Sustainable Finance project is at the center of the EU's Capital Markets Union



ESMA's upcoming short-termism work linked to item 10 of the **Action Plan** published in March 2018

Sustainable Finance Action Plan – Action 10

Action 10: Fostering sustainable corporate governance and attenuating short-termism in capital markets

- Item 2: “The Commission invites the ESAs to collect evidence of undue short-term pressure from capital markets on corporations and consider, if necessary, further steps based on such evidence by Q1 2019. More specifically, the Commission invites ESMA to collect information on undue short-termism in capital markets, including:
 - (i) portfolio turnover and equity holding periods by asset managers;
 - (ii) whether there are any practices in capital markets that generate undue short-term pressure in the real economy.”

- Publication of Commission mandate to ESAs further specifying scope of this AP item imminent.

Drivers of short-termism

ESMA task: Collect evidence about whether there are any practices in capital markets that generate undue short-term pressure in the real economy)

Questions

1. Which drivers of short-termism can you see within ESMA's remit (e.g. in the areas of asset management or corporate reporting)?
2. Can you suggest quantitative and qualitative evidence to assess whether these drivers are significant?

Portfolio turnover / equity holding periods

ESMA task: Collect evidence about portfolio turnover and equity holding periods by asset managers

Questions

1. Which data sources on top of commercial data sources or the recent study initiated by the 2° Investing Initiative can you suggest?
2. Can you suggest quantitative and qualitative evidence to assess how changes in portfolio turnover are linked to short-term / longer-term investment strategies by asset managers?



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