

HM Treasury Consultation: Future regulatory regime for Environmental, Social, and Governance (ESG) ratings providers

Questions for Respondents

1. Do you agree that regulation should be introduced for ESG ratings providers?
2. *(For ESG ratings providers) If your firm were subject to regulation in line with IOSCO's recommendations, and aimed at delivering the four key regulatory outcomes in Figure 1.A, how would this impact your business? Please provide information on the size of your business when answering this question.*
3. Are there any practical challenges arising from overlap between potential regulation for ESG ratings providers and existing regulation?
4. Are there any other practical challenges to introducing such regulation?
5. Do you agree with the proposed description of an ESG rating?
6. Do you agree that ESG data, where no assessment is present, should be excluded from regulation?
7. Do you agree with the proposal to regulate the activity of providing ESG ratings to be used in relation to RAO specified investments?
8. *(For ESG ratings providers) Do you know when an ESG rating you provide will be used in relation to a specified investment?*
9. Are there ESG ratings used in relation to anything other than an RAO specified investment which also should be included in regulation?
10. Do you agree that each of the eight scenarios listed above (in paragraphs 3.2, 3.3, and 3.5) should be excluded from regulation?
11. Are there any other exclusions which should be provided for?
12. Do you agree with the proposal to regulate the direct provision of ratings to users in the UK, regardless of the location of the provider?
13. *(For UK users of ESG ratings) Are you concerned that this proposal would hamper the choice of ESG ratings available to you?*
14. Should any instances of direct provision of ESG ratings to users in the UK be excluded from regulation (for example, the provision of ESG ratings to UK branches of overseas firms, or to retail users who are temporarily physically located in the UK)?
15. Are there any scenarios of indirect provision of ESG ratings to UK users which should also be regulated?
16. How would the territorial scope proposed in this chapter interact with initiatives related to ESG ratings in other jurisdictions, such as proposals for regulation or codes of conduct?
17. Should smaller ESG ratings providers be subject to fewer or less burdensome requirements?
18. *(For ESG ratings providers) What impact would an authorisation requirement have on your business? Please provide information on the size of your business when answering this question.*
19. Do you have any views on an opt-in mechanism for smaller providers?
20. What criteria should be used when evaluating the size of ESG ratings providers?
21. What level could the criteria for small ratings providers be set at (i.e., how could 'small ratings provider' be defined)?
22. Is there anything else you think HM Treasury should consider in potential legislation to regulate ESG rating providers?