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European Banking Authority
20 Avenue André Prothin
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Dear Sir/Madam

AIMA's response to EBA/CP/2021/15 – Draft Regulatory Technical Standards on disclosure of investment policy by investment firms under Article 52 of Regulation (EU) 2019/2033 on the prudential requirements of investment firms

The Alternative Investment Management Association Limited (AIMA)¹ appreciates the opportunity to submit its comments to the European Banking Authority (EBA) in relation to its consultation on the Draft Regulatory Technical Standards on the disclosure of investment policy by investment firms (the 'draft RTS').

We appreciate that the EBA has developed the draft RTS in accordance with its mandate under Article 52(3) of Regulation (EU) 2019/2033 ('IFR'). Although we support most of the draft RTS in principle and the objectives it seeks to achieve, we do have a particular concern with regards to its application to investment firms who choose not to exercise their voting rights.

Investment firms in scope of the draft RTS are only required to disclose the information as covered in the draft RTS if they directly, or indirectly, hold shares that are admitted on a regulated (European Union) market and in which the proportion of voting rights exceeds 5% of all voting rights issued by the company. Investment firms with qualifying holdings above that 5% threshold will be required to disclose the information on the proportion of voting rights attached to shares

¹ AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 1,900 corporate members in over 60 countries. AIMA's fund manager members collectively manage more than \$2 trillion in assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA set up the Alternative Credit Council (ACC) to help firms focused in the private credit and direct lending space. The ACC currently represents over 170 members that manage \$400 billion of private credit assets globally. AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA's website, www.aima.org.

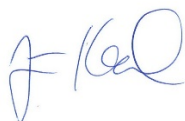
held, their voting behaviour, whether they make use of proxy advisory firms, as well as information on a firm's voting guidelines. While we support the draft RTS' three materiality thresholds that we believe are fair and proportionate, we note that investment firms that meet this threshold may choose not to exercise their voting rights for a wide range of valid reasons. Where firms do not exercise their voting rights, we would propose that the Annexes permit a firm to state this. As a result, firms should no longer be obligated to make any voting behaviour disclosures. We note, however, that firms that do not vote their shares would nonetheless be required to disclose their qualifying holdings above 5%.

At the EBA public hearing on 6 May 2021, an EBA staff member confirmed that where the voting rights are retained by the investment firm's client, the former should not be considered to be exercising any 'significant control' or 'significant influence' and, as a result, would not be required to disclose those assets within the holdings of the investment firm when calculating whether the 5% threshold has been exceeded within IF IP1 (i.e., Proportion of Voting Rights). We believe that, in addition to the exception mentioned by EBA staff above, investment firms that do not exercise their voting rights (which they are permitted to choose to do) should not be required to provide any (granular) disclosure on their voting behaviour in the suggested template (i.e., IF IP2 – Voting Behaviour). We note that while some fields in IF IP2 could be marked zero or not applicable, the template specifically calls for disclosure of the number of meetings at which a firm may have been entitled to vote (see IF IP2.01, Row 2) regardless of the firm's voting behaviour. We note that firms that opt not to exercise voting rights do not tend to track the number of general meetings they may have been eligible to vote at and providing such disclosure seems unduly burdensome, without providing additional meaningful information.

To that end, we would ask the EBA to consider introducing a new field in IF IP2 that would allow investment firms to state that they have not exercised their voting rights. Requiring investment firms that are in scope of the draft RTS to provide details of the number of general meetings in scope when they have not exercised their voting rights, would create administrative burdens and costs to an extent that is not proportionate to the perceived benefit.

We would be happy to elaborate further on any of the points raised in this letter. For further information please contact Jennifer Wood, Managing Director, Global Head of Asset Management Regulation & Sound Practices, at +44 (0) 20 7822 8380 or jwood@aima.org.

Yours faithfully,



Jiří Król
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