

# CONSULTATION PAPER

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## **Proposed Code of Conduct for Environmental, Social and Governance (“ESG”) Rating and Data Product Providers**

MAS

Monetary Authority of Singapore

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## 1 Preface

1.1 This consultation paper sets out proposals to elevate standards and disclosures of ESG ratings and data products in Singapore via a phased and proportionate regulatory approach, starting with a voluntary industry code of conduct for the providers. The industry code will cover best practices on governance, management of conflicts of interest (“COI”), and transparency of methodologies and data sources, including disclosure on how forward-looking elements are taken into account in the products. The intent is to enable users to better consider transition risks and opportunities when making decisions on capital allocation.

1.2 The Monetary Authority of Singapore (“MAS”) invites comments from financial institutions, consumers and other interested parties.

**Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like:**

- (a) their whole submission or part of it (but not their identity), or**
- (b) their identity along with their whole submission,**

**to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.**

1.3 Please submit your comments by 22 August 2023 using the following link – <https://go.gov.sg/MAS-ESG-Code>

1.4 Should you encounter any technical difficulties in your submission, please send your enquiry to [ESGCode@mas.gov.sg](mailto:ESGCode@mas.gov.sg).

## 2 Introduction

2.1 As the integration of sustainability-related risks and opportunities into capital allocation decisions become increasingly mainstream, the use of ESG ratings and data products for investing and capital allocation has grown. Financial market participants are integrating ESG ratings and data products into their investment strategy and risk management. From a recent survey of institutional investors, nearly half of the respondents integrated ESG ratings and data into investment strategies (43%), and used ESG ratings multiple times a week (47%).<sup>1</sup>

2.2 The International Organisation of Securities Commissions (“IOSCO”) published a Final Report<sup>2</sup> on “Environmental, Social and Governance (ESG) Ratings and Data Products Providers” in November 2021 (“IOSCO Report”). The IOSCO Report identified the lack of transparency in ESG ratings and data products methodologies and data sources, COI management, and interactions with rated/covered entities by the product providers as areas of concern on the largely unregulated industry.

2.3 The IOSCO Report sets out the following recommendations:

- (a) Regulators could consider focusing more attention on the use of ESG ratings and data products, and on the providers of such products who may be subject to their jurisdictions. This includes examining if there is sufficient regulatory oversight on these providers, and encouraging the industry to develop and follow common industry standards or codes of conduct; and
- (b) ESG rating and data product providers could consider a set of good practices around governance, management of COI, and transparency of product methodologies and data sources.

Following the publication of the IOSCO Report, IOSCO published a “Call for Action” paper<sup>3</sup> on 7 November 2022. The “Call for Action” paper sets out key points that relevant standard setting bodies and industry associations should aim for in adopting and promoting the recommended good practices in the IOSCO Report.

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<sup>1</sup> According to the report “Rate the Raters 2023: ESG Ratings at a Crossroads” by The SustainAbility Institute, an ERM Group company, <https://www.sustainability.com/thinking/rate-the-raters-2023/>.

<sup>2</sup> The IOSCO Report is available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD690.pdf>.

<sup>3</sup> The IOSCO “Call for Action” paper is available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD717.pdf>.

2.4 Regulators globally are at various stages of developing regulatory approaches for ESG rating and data product providers. For instance, the European Union (“EU”)<sup>4</sup>, United Kingdom (“UK”)<sup>5</sup> and India<sup>6</sup> regulators have recently published consultation papers to propose the regulatory framework/perimeters for ESG rating providers. The other approach taken by regulators is to work with industry players to implement voluntary industry codes of conduct for ESG rating and data product providers. This is the approach taken by regulators such as the Japan Financial Services Agency (“Japan FSA”)<sup>7</sup> and the UK Financial Conduct Authority (“UK FCA”)<sup>8</sup>. For the UK, the industry code of conduct would likely be put in place prior to a regulatory framework, where the code could potentially continue to apply for providers that fall outside the scope of any future regulatory regime.

2.5 In MAS’ engagement with fund managers, they have shared similar challenges identified in the IOSCO Report around insufficient disclosures of product methodologies, data and processes; and the providers’ governance and COI management. In line with other regulators, MAS conducted a review of an appropriate regulatory approach for ESG rating and data product providers, and gathered views from relevant stakeholders in the ecosystem.

2.6 MAS found that the ESG ratings and data products industry was at a nascent stage of development, with ongoing and rapid product innovation. Product providers

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<sup>4</sup> The EC published its proposal for a regulation of the European Parliament and of the Council on the transparency and integrity of ESG rating activities on 13 June 2023. The paper is accessible at the weblink, [https://ec.europa.eu/finance/docs/law/230613-proposal-sustainable-finance\\_en.pdf](https://ec.europa.eu/finance/docs/law/230613-proposal-sustainable-finance_en.pdf)

<sup>5</sup> The UK HM Treasury published a consultation paper on future regulatory regime for ESG rating providers on 30 March 2023, [www.gov.uk/government/consultations/future-regulatory-regime-for-environmental-social-and-governance-esg-ratings-providers](http://www.gov.uk/government/consultations/future-regulatory-regime-for-environmental-social-and-governance-esg-ratings-providers).

<sup>6</sup> The Securities and Exchange Board of India (“SEBI”) published a consultation paper on its proposed regulatory framework for ESG rating providers in securities market on 22 February 2023, [https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-regulatory-framework-for-esg-rating-providers-erps-in-securities-market\\_68337.html](https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-regulatory-framework-for-esg-rating-providers-erps-in-securities-market_68337.html).

<sup>7</sup> The Japan FSA implemented a voluntary industry Code of Conduct for ESG Evaluation and Data Providers in December 2022, [www.fsa.go.jp/en/news/2022/20221215/20221215.html](http://www.fsa.go.jp/en/news/2022/20221215/20221215.html).

<sup>8</sup> In June 2021, the UK FCA issued a consultation paper on enhancing climate-related disclosures by standard listed companies and seeking views on ESG topics in capital markets (including discussions on ESG rating and data product providers). The paper is accessible at this weblink, <https://www.fca.org.uk/publication/consultation/cp21-18.pdf>. In June 2022, the UK FCA responded via a Feedback Statement that it will work with the Treasury to (a) bring ESG ratings within the regulatory remit; and (b) convene, support and encourage industry participants to develop and follow a voluntary Code of Conduct in the interim, given the potential lead time before a regulatory regime could come into force. The paper is accessible at this weblink, <https://www.fca.org.uk/publication/feedback/fs22-4.pdf>. The UK FCA has since formed the industry working group and commenced the first meeting on 8 December 2022.

operated globally, and highlighted the need for cross-jurisdictional interoperability of any standards or requirements to be developed. Regulators globally are developing their respective regulatory approaches at varying pace.

2.7 MAS proposes a phased and proportionate regulatory approach. We will first implement a voluntary industry Code of Conduct for ESG rating and data product providers. MAS will monitor global regulatory developments, and when there is greater regulatory convergence globally, we will conduct a more detailed public consultation to develop a local regulatory regime. This approach will allow us to meet our objectives to (i) instil confidence in the use of ESG ratings and data products, (ii) avoid stifling innovation and market development, and (iii) respond flexibly to global regulatory developments.

2.8 Section 3 of this paper sets out the proposed voluntary industry Code of Conduct for ESG rating and data product providers, in setting baseline industry standards on the providers through a set of industry best practices.

2.9 Section 4 of this paper sets out the roadmap for a proposed future regulatory regime to bring ESG rating providers under MAS' regulatory ambit when there is global consensus on areas of regulatory focus, as well as coordination among regulators in respect of regulating the providers.

### **3 Industry Code of Conduct for ESG Rating and Data Product Providers (“CoC”)**

3.1 As part of the phased and proportionate approach, MAS proposes to first implement an industry CoC aligned with IOSCO's recommendations. This is similar to the approach taken in Japan and the UK where voluntary industry codes of conduct are adopted.

3.2 The proposed CoC in Annex 1 of this paper is based largely on good practices set out in the IOSCO Call for Action<sup>9</sup> paper. The industry CoC aims to improve market confidence in the use of ESG ratings and data products by setting minimum standards on governance, management of COI and transparency.

3.3 MAS has co-created the industry CoC with ESG rating and data product providers (including key global players) through a soft consultation exercise.

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<sup>9</sup> The IOSCO “Call for Action” paper is available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD717.pdf>. The paper seeks to encourage the adoption of good practices from recommendations in the IOSCO Report as a baseline to address greenwashing and related investor protection concerns, within the context of each jurisdiction's domestic regulatory frameworks.

3.4 A key thrust of the industry CoC is to require disclosures on how transition risks and opportunities have been factored into ESG rating and data products. This is to allow users to better consider transition risks and opportunities when making decisions on capital allocation. This will be further elaborated under “Disclosures of Forward-Looking Elements such as Transition Risks and Opportunities in ESG Ratings and Data Products” in paragraph 3.8 of this paper.

3.5 The proposed definitions of “ESG rating”, “ESG data product” and product providers who should adopt the CoC are set out in the proposed CoC. In scoping the regulatory perimeter for future regulation (covered under Section 4 of the paper), MAS will take reference from these proposed definitions for legislative drafting.

### 3.6 Proposed Products to be Scoped under the CoC

3.6.1 For the purpose of the CoC, MAS proposes to define ESG ratings and data products broadly, similar to how these are defined in the IOSCO Report and the established codes of conduct for other jurisdictions, such as the Japan’s CoC for ESG Evaluation and Data Products.

3.6.2 The policy intent is to capture products where the ESG rating entails an opinion on ESG profile or characteristics of the rated entity; or where the ESG data provided to market participants entails estimations, calculations or analysis by the provider. This is where it is important for the providers to have in place proper governance and COI management, and to provide disclosures of methodologies and data sources to explain how the ratings and data products outputs are derived.

3.6.3 MAS intends to carve-out provision of specific types of products where best practices in the CoC do not generally apply or need not be applied. This includes provision of products which are already subject to regulations in Singapore such as credit ratings regulated under the Securities and Futures Act 2001 (SFA)<sup>10</sup>, and research analyses or research reports concerning any investment product regulated under the Financial Advisers Act 2001<sup>11</sup>.

3.6.4 MAS proposes to define an “**ESG rating**” as follows:

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<sup>10</sup> The Securities and Futures Act 2001 is accessible at <https://sso.agc.gov.sg/Act/SFA2001>.

<sup>11</sup> The Financial Advisers Act 2001 is accessible at <https://sso.agc.gov.sg/Act/FAA2001>.

*“ESG rating” means a product that provides an opinion regarding any one or more environmental, social or governance (“ESG”) profile or characteristic of a rating target, that is expressed using an established and defined ranking system of rating categories, but does not include:*

- (a) a credit rating that takes into account any ESG profile or characteristic of a rating target in the assessment of the credit worthiness of the rating target; or*
- (b) research analyses or research reports concerning any investment product that is issued or promulgated by a licensed or exempt financial adviser under the Financial Advisers Act 2001,*

*where*

- (i) “rating target” means, the subject of an ESG rating which may be an entity; a real estate investment trust; a business trust; or a capital markets product;*
- (ii) “rating category” means –*
  - (a) an ordinal rank or score used in an ESG rating (e.g. letters, numbers, words, or any other symbols), to provide a relative measure of performance of a rating target in any one or more ESG profile or characteristic, to that of other rating targets; or*
  - (b) an ordinal rank or score used in an ESG rating (e.g. letters, numbers, words, or any other symbols), to provide an absolute measure of performance of a rating target in any one or more ESG profile or characteristic;*
- (iii) “environmental, social or governance profile or characteristic” includes but is not limited to exposure to climatic or environmental, societal and governance risks, and impact on the environment and society; and*
- (iv) “entity” has the same meaning as in section 2(1) of the Securities and Futures Act 2001;*

3.6.5 MAS proposes to define an **“ESG data product”** as follows:

*“ESG data product” means the broad spectrum of data products that entail, at minimum, collection and/ or aggregation of raw data to which estimations, calculations or analysis has been added, and that are marketed as providing either a specific Environmental, Social, or Governance (“ESG”) focus on an entity, a real estate investment trust, a business trust or a capital markets*

*product's environmental, social or governance profile or characteristics, but does not include:*

- (a) raw data or aggregated raw data which does not entail added estimations, calculations, or analysis;*
- (b) an ESG rating;*
- (c) a credit rating that takes into account any environmental, social or governance profile or characteristics of a rating target in the assessment of the credit worthiness of the rating target;*
- (d) research analyses or research reports concerning any investment product that is issued or promulgated by a licensed or exempt financial adviser under the Financial Advisers Act 2001; or*
- (e) financial benchmarks, as defined by the International Organisation of Securities Commissions,*

*where*

- (i) "environmental, social or governance profile or characteristic" includes but is not limited to exposure to climatic or environmental, societal and governance risks; and impact on the environment and society; and*
- (ii) "entity" has the same meaning as in section 2(1) of the Securities and Futures Act 2001.*

3.6.6 During the soft consultation with product providers, the issue of excluding external reviews such as Second Party Opinions ("SPOs") from the scope of the CoC was raised, as these could be caught under the definition of "ESG data product". This issue was raised in the context that the IOSCO Report has explicitly classified such products as "other ESG services" and set out that these are different from ESG ratings and data products.

3.6.7 External reviews such as SPOs are designed to provide an assurance or view to investors, for example on whether instruments (e.g. bonds) are aligned to market practices or internationally recognized principles (e.g. International Capital Market Association's green bond principles). While they are different from ESG ratings and pure ESG data products, the best practices on governance and COI management in the CoC could be applied to such products. In Japan, such products are scoped in as "ESG Evaluation" where Japan's industry code of conduct would apply. MAS would like to seek views on whether such products should be scoped in as ESG data products under the CoC.

**Question 1.** MAS seeks views on the proposed definitions of “ESG rating” and “ESG data product”, as well as the list of excluded products.

**Question 2.** MAS seeks views on whether external reviews such as Second Party Opinions should be scoped in as ESG data products under the CoC.

### 3.7 Proposed Product Providers Who Should Adopt the CoC

3.7.1 MAS proposes that product providers who have a nexus to activities and institutions in the securities and derivatives industry in Singapore should adopt the CoC. Given the global nature in which ESG ratings and data products are distributed, MAS thus proposes to apply the CoC under the following scenarios:

- (a) the product provider is based in Singapore and it provides ESG ratings and/or data products that relate to activities and institutions in the securities and derivatives industry, whether in Singapore and/or to overseas markets; or
- (b) the product provider is based overseas but it provides the ESG ratings and/or data products that relate to activities and institutions in the securities and derivatives industry in Singapore.

3.7.2 Given the broad definition of ESG data product, and taking into account feedback from product providers in the soft consultation, MAS proposes to provide a carve out for specific providers who are not the intended participants of the CoC. For instance, where market participants tap on specialised ESG data from an academic institution that solely provides such data for academic (and not commercial) purposes, the academic institution should not be subject to the CoC.

3.7.3 MAS proposes to define an “**ESG Rating Provider**” as follows:

*“**ESG Rating Provider**” means any entity offering ESG rating in Singapore or providing ESG rating out of Singapore, that relates to activities and institutions in the securities and derivatives industry.*

3.7.4 MAS proposes to define an “**ESG Data Product Provider**” as follows:

*“**ESG Data Product Provider**” means any entity providing any ESG data product directly to participants in the financial market in Singapore as part of its business continuously and repeatedly, in relation to activities and institutions in the securities and derivatives industry; but does not include:*

- (a) academic or research institutions solely providing specialised knowledge and data on ESG for academic purposes;*
- (b) an entity solely providing consulting services to companies on improvements from an ESG perspective;*
- (c) an entity solely providing information aggregation that compiles ESG data on a general website or subscription-based model;*
- (d) an entity solely providing data in respect of general surveys on ESG factors; or*
- (e) an entity solely providing news reporting services.*

**Question 3.** MAS seeks views on the proposed definitions of “ESG Rating Provider”, and “ESG Data Product Provider”.

3.8 Disclosures of Forward-Looking Elements such as Transition Risks and Opportunities in ESG Ratings and Data Products

3.8.1 To enhance market transparency, and in particular combat greenwashing, it is important to allow users to better consider transition risks and opportunities when making decisions on capital allocation. Ensuring that there is adequate disclosures by providers on whether they consider forward-looking elements in their products is a crucial step. If the disclosure is sufficiently prescriptive, e.g. by disclosing the extent of how an ESG rating or data product includes forward-looking strategic plans and targets of the covered entity, users can better understand the use case of the different ESG products. This will allow capital to be more efficiently channeled in line with investor ESG risk appetites and preferences. Ideally, this should culminate in more efficient capital allocation overall, thereby better supporting the global push towards net zero emissions.

- 3.8.2 MAS proposes to enhance the IOSCO good practices on transparency, by further explicitly setting out in the CoC that product providers should adequately disclose:
- (a) the measurement objectives of the ESG rating or data product, such as measuring the impact on the external environment and society, of the target entity covered by ESG rating or data product (“covered entity”), and/or measuring risk exposure and resilience of the covered entity to physical and transition ESG risks; and
  - (b) the Key Performance Indicators used by the product provider to assess the covered entity against each criterion, such as the thresholds used to measure the ESG impacts and/or ESG risks, and related mitigation and adaptation measures, including the use of forward-looking strategic plans and targets of the covered entity in the provider’s assessment.
- 3.8.3 For the avoidance of doubt, MAS does not intend to interfere in product methodologies by enforcing that transition risks and opportunities must be taken into consideration, but rather the focus is on disclosure. The rationale of requiring disclosures of such forward-looking elements in ESG ratings and data products is to help users of those products understand the extent to which the products incorporate such elements.

**Question 4:** MAS seeks views on the proposed best practices on ESG rating and data product providers’ disclosure of how transition risks and opportunities are factored into ESG ratings and data products.

### 3.9 Principles and Best Practices Set Out in the CoC

- 3.9.1 The CoC sets out 7 Principles which are focused on requiring the product providers to put in place proper governance; policies and procedures to ensure transparency of methodology and data sources, and management and disclosures of COI; and robust systems and controls. Each Principle in the CoC is elaborated by a set of best practices.
- 3.9.2 Drawing references from relevant provisions in the MAS Code of Conduct for Credit Rating Agencies (“CRAs”), the CoC provides elaborations on specific best practices for the ESG rating provider in respect of their ESG ratings under the issuer-paid model. These specific best practices are marked out in the draft CoC.

**Question 5:** MAS seeks views on the principles and best practices set out in the draft CoC in Annex 1.

### 3.10 Adoption of the CoC

3.10.1 MAS proposes for the adoption of the CoC for product providers to be on a voluntary basis.

3.10.2 For the CoC to be effective in building market confidence in the use of ESG ratings and data products, there needs to be (i) commitment by product providers to adopt and comply with the principles of the code; and (ii) effective understanding by industry participants on how product providers have complied with the CoC. MAS is proposing the following ways to achieve this:

(a) MAS proposes to adopt a “Comply or Explain” approach to encourage adoption of the CoC. Under this approach, product providers would either comply with the best practices set out in the CoC or explain why they could not comply with specific best practices.

(b) MAS further proposes for adoption of the CoC to be supported by product providers completing and publishing (on their website where feasible) a Self-Attestation Checklist (“Checklist”). The proposed Checklist in Annex 2 would guide the posture of, and progress on adopting the CoC’s best practices by the product providers. With the publication of the providers’ Checklists, it would allow industry players to easily use the Checklists to assess and select the appropriate providers to engage. We encourage the providers to start using this Checklist to identify best practices it is currently adopting, prior to the roll out of the CoC.

(c) In addition, the Checklist clearly identifies (i) the respective best practices in the CoC that are aligned to IOSCO’s recommended good practices; and (ii) the additional best practices such as those mentioned in paragraph 3.9.2 above. This would allow the providers to map their policies and procedures against IOSCO’s recommended good practices, where they could use it for cross-jurisdictional comparison of standards for their operations in other relevant jurisdictions. This would help facilitate interoperability with the codes of conduct in other jurisdictions.

- (d) MAS has considered the merits of credibility to be gained from product providers undergoing third-party assurance or audit on their self-attestations, as a form of verification by an independent party. MAS proposes for third-party assurance or audit to be adopted on a voluntary basis. Providers who wish to better demonstrate their compliance with the CoC can engage an independent party for verification, and this can help give users greater assurance that the providers meet the minimum standards as set out in the CoC. The Checklist also sets out a section for providers to indicate their most recent third-party assurance or audit.

**Question 6:** MAS seeks views for the CoC to be adhered to on a “Comply or Explain” basis.

**Question 7.** MAS seeks views on the proposed Checklist (Annex 2), whether it would enable product users to easily identify compliant providers and facilitate interoperability for ESG rating and data product providers’ global operations.

**Question 8.** MAS seeks views on third-party assurance or audit on ESG rating and data product providers’ self-attestations to be adopted on a voluntary basis.

**Question 9.** MAS seeks views on any other suggestions to encourage ESG rating and data product providers’ adoption of the CoC.

#### 4 Longer Term: Regulatory Regime for ESG Rating Providers

4.1 The issuance of an ESG rating entails professional judgement by the rating provider and carries opinions of the provider which are subjective. Financial market participants may take reference from opinions expressed in ESG ratings in their investment decisions. As compared to ESG data products, ESG ratings are more challenging to interpret as they are subject to each providers’ proprietary rating metrics, data inputs and assessments. Bringing ESG rating providers into MAS’ regulatory remit allows for gatekeeping and supervisory requirements to be enforceable, to ensure that ESG rating providers operating in Singapore (a) are fit and proper; (b) have in place proper governance structure, expertise and resources to produce quality and credible ESG ratings; and (c) meet the requirement on transparency in methodologies and data sources. This would increase accountability for the rating providers, and encourage the provision of quality and credible ESG ratings.

4.2 The plan for the future regulatory regime for the provision of ESG rating services is likely to be similar to the provision of credit rating services<sup>12</sup>, i.e., the Capital Markets Services (“CMS”) Licensing regime under the Securities and Futures Act 2001 (“SFA”) would apply to ESG rating providers. As CMS licensees, the rating providers would have to comply with the corresponding Regulations, Guidelines and Notices under the SFA, including a code of conduct which could be modelled on the CoC.

4.3 For the definition of “providing ESG rating services”, the scope would minimally capture companies based in Singapore in providing ESG rating services, similar to the provision of credit rating services. Given the global nature of which ESG ratings are distributed and consumed, it is challenging to extend the regulatory ambit beyond our shores. However, MAS notes that there is also risk of harm to users in Singapore where ESG ratings are offered by providers based overseas. We will thus engage in discussions with other regulators who are likewise considering their regulatory approaches and work together to address the risks.

4.4 Currently, the regulatory landscape for ESG rating providers is still evolving. The UK HM Treasury recently published its consultation paper<sup>13</sup> where it has proposed to regulate the direct provision of ratings to users in the UK regardless of the location of the provider. EC’s proposed regulations<sup>14</sup> has also set out that ESG rating providers offering services to investors and companies in the EU should be authorised and supervised by the European Securities and Markets Authority. India SEBI’s consultation paper<sup>15</sup> has proposed to subject any body corporate which is engaged in, or proposes to be engaged in, the business of ESG ratings to the regulatory framework.

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<sup>12</sup> MAS Consultation Paper on Proposed Regulation of Credit Rating Agencies, <https://www.mas.gov.sg/publications/consultations/2011/consultation-paper-on-proposed-regulation-of-credit-rating-agencies>.

<sup>13</sup> The UK HM Treasury published a consultation paper on future regulatory regime for ESG rating providers, [www.gov.uk/government/consultations/future-regulatory-regime-for-environmental-social-and-governance-esg-ratings-providers](http://www.gov.uk/government/consultations/future-regulatory-regime-for-environmental-social-and-governance-esg-ratings-providers).

<sup>14</sup> The EC published its proposal for a regulation of the European Parliament and of the Council on the transparency and integrity of ESG rating activities. The paper is accessible at the weblink, [https://ec.europa.eu/finance/docs/law/230613-proposal-sustainable-finance\\_en.pdf](https://ec.europa.eu/finance/docs/law/230613-proposal-sustainable-finance_en.pdf)

<sup>15</sup> The Securities and Exchange Board of India (“SEBI”) has published a consultation paper on its proposed regulatory framework for ESG rating providers in securities market on 22 February 2023, [https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-regulatory-framework-for-esg-rating-providers-erps-in-securities-market\\_68337.html](https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-regulatory-framework-for-esg-rating-providers-erps-in-securities-market_68337.html).

4.5 Given the global nature of ESG rating providers' operations, MAS will closely monitor regulatory developments and coordination in drawing up the regulatory requirements, particularly on the regulatory boundaries and areas of regulatory focus. MAS also recognises that product providers will require time to adopt the best practices set out in the CoC. As such, MAS will monitor and observe developments after the CoC is implemented before taking further steps to formalise a regulatory regime for ESG Rating Providers. Where there is greater clarity on the global regulatory developments, MAS will conduct a more detailed public consultation on the proposed admission and ongoing regulatory requirements for the ESG rating providers.

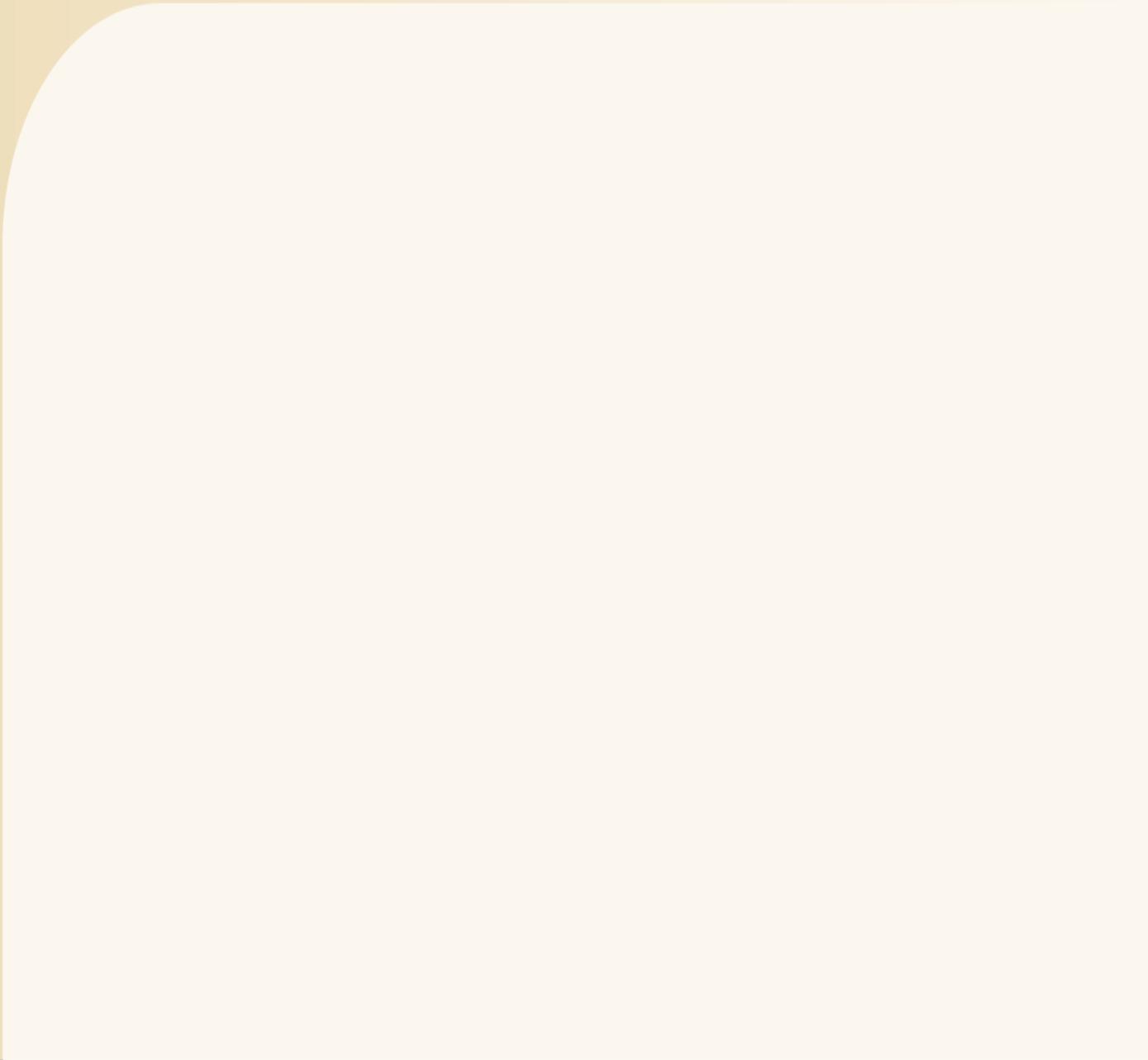
**Question 10.** MAS seeks views on the proposal to bring ESG rating providers into the CMS licensing regime under the SFA when a regulatory framework is developed.

**Question 11.** MAS seeks views on whether overseas based ESG rating providers who offer ESG ratings to users in Singapore should be subject to the proposed regulatory regime for ESG rating providers, and the scope of activities of such providers to be subject to regulatory requirements.

**Question 12.** MAS seeks views on the appropriate monitoring period (in months) and observable market milestones before consulting on a more formalised regulatory regime for ESG rating providers.

## LIST OF QUESTIONS

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