



Survey on collection of evidence on undue short-term pressure from the financial sector on corporations

Fields marked with * are mandatory.

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Introduction

Under Action 10 of the Action Plan ‘Financing Sustainable Growth’ [1], the European Commission has invited [2] the three European Supervisory Authorities (ESAs) to each develop a report presenting evidence and possible advice on potential undue short-termism. Short-termism can be defined as “the focus on short time horizons by both corporate managers and financial markets, prioritising near-term shareholder interests over long-term growth of the firm”[3].

The Commission’s mandate indicates that decisions taken by corporations do not fully reflect long-term aspects that would be required to put the EU economy on a sustainable path and manage the transition towards a low carbon economy. In particular, as a result of short-term market pressures, some companies may under-invest in long-term value drivers such as innovation and human capital and overlook environmental and social objectives that require a long-term orientation. Consequently, sustainability faces obstacles to develop in a context where incentives, market pressures and prevailing company culture prompt market participants to focus on near-term performance at the expense of mid- to long-term objectives.

Following an initial analysis based on desk research and preliminary quantitative evidence, ESMA has identified six areas which it considers relevant to examine in relation to the Commission’s mandate.

These areas are:

- Investment strategy and investment horizon;
- Disclosure of Environmental, Social and Governance (ESG) factors and the contribution of such disclosure to long-term investment strategies;
- The role of fair value in better investment decision-making;
- Institutional investors' engagement;
- Remuneration of fund managers and corporate executives;
- and Use of CDS by investment funds

ESMA is not claiming there is a causal relationship between the abovementioned areas and short-termism; it is rather seeking the views of stakeholders on these areas in order to better understand their interaction with short-termism. As such, responses to this survey will contribute to ESMA's analysis of potential sources of undue short-termism on corporations stemming from the financial sector in the areas of focus. Additionally, responses to the survey will back the identification of any other areas in which short-term behaviour is problematic and where the regulatory rules exasperate (or mitigate) short-term pressures.

Overall, with this survey ESMA is seeking to collect information on market practices and the views of financial market participants. By responding to the questionnaire, market participants will contribute to ESMA's advice to the Commission and as such help shape future policy decisions in relation to short-termism in the financial sector.

[1] European Commission Action Plan Financing Sustainable Growth.

[2] Call for advice to the European Supervisory Authorities to collect evidence of undue short-term pressure from the financial sector on corporations.

[3] Definition of short-termism provided in the second paragraph of section 1 of the Commission's mandate (Mason, 2015).

Structure of the questionnaire

Section I: General information about respondent

The first section of the questionnaire contains questions which will help ESMA understand respondents' profile and whether they agree for their response to the questionnaire to be published on ESMA's website.

All respondents are invited to respond to the questions in this section.

Section II: Investment strategy and investment horizon

In this section of the questionnaire, ESMA invites respondents to provide information on the key features and the focus of their investment strategy as well as on the time horizon(s) they use in their business activities. The questions aim to collect comprehensive information on the strategic approach taken by various market players, depending on their role and objectives, in order to get a broad understanding of how they prioritise short- and long-term values in their investment activities. The responses to the questions in this section are intended to provide evidence on how consistent the long-term value drivers of the investment strategy are with the investment timeframe and the global approach for investment decision-

making, and which specific considerations in investment strategies may induce short-termism.

The section is open to all respondents as it seeks information on the interaction between short-termism and general business activities. The questions relating to portfolio holdings are addressed to asset owners and asset managers.

Section III: Disclosure on ESG factors and the contribution of such disclosure to long-term investment strategies

The context for the questions in this section is the EU's 2014 adoption of the Non-Financial Reporting Directive (hereafter 'NFRD') in order to enhance the consistency and comparability of non-financial information disclosed throughout the Union. The NFRD requires large EU companies to disclose information on matters relating to the environment, social and employee aspects, respect for human rights, anti-corruption and bribery issues in an annual non-financial statement to be presented either in the management report or in a separate document.^[1]

The NFRD came into force in 2014 for reporting on the financial year starting on 1 January 2017 or during the calendar year 2017, which means that two waves of mandatory non-financial information have now been published in most jurisdictions. Section III of the questionnaire collects information on the experience of market participants with these first two disclosure waves by asking whether, how and to what extent public disclosure on ESG factors, which complements traditional financial disclosure by listed companies, can enable investors to integrate in their decision-making process considerations on a company's current and future ability to create long-term sustainable value for its shareholders and for the society at large. Furthermore, this section raises the question whether any changes relating to requirements on non-financial information are needed at European level to enable investors to take long-term investment decisions.

The questions in this section are primarily addressed to institutional and retail investors that make use of information in issuers' public reporting in their investment decisions, as well as to issuers that provide such ESG related information to investors.

[1] Additionally, the forthcoming Regulation of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (2018/0179(COD)) will require financial advisers to publish information on their policies on the integration of sustainability risks in their investment advice or insurance advice. However, as this Regulation has not yet entered into force and will not be applicable until 15 months after entry into force, it is not possible at this stage to assess its impact, and it is as such not covered in the questionnaire.

Section IV: The role of fair value in better investment decision-making

In this section of the questionnaire, ESMA seeks to collect further information related to the following statement from the report ^[1] of the High Level Expert Group (hereafter 'HLEG'): "there is considerable disagreement among interested parties on the appropriate accounting treatment for long-term investments, in particular on whether long-term assets on investors' balance sheets should be valued based on the currently prevailing (daily) market prices – also known as 'mark-to-market' valuation or 'fair value' accounting [...]. The debate is mainly around equity, equity-type and listed credit instruments on the balance sheets of long-term investors, such as non-financial corporations, insurance companies and banks."

The section contains questions on whether and how fair value may impact the capacity of financial reporting to provide relevant and reliable information on equity instruments held for long-term investment purposes. Responses in this area will help ESMA to assess how the measurement and disclosure of fair value may impact the selection of a short- or long-term horizon, as well as to assess whether the transparency benefits arising from the use of fair value for financial instruments, particularly equity instruments, outweigh the intrinsic potential volatility of fair value. Furthermore, whilst Level 1 fair value measurement is based on quoted prices in active markets and, as such, it has a high degree of reliability, ESMA is also interested in exploring the usefulness of Level 2 and Level 3 fair value measurements [2] and the extent to which investors are willing to take these fair value measurements into consideration in their long-term investment decisions.

The European Commission has issued two requests for advice to the European Financial Reporting Advisory Group (EFRAG) to assess the impact of IFRS 9 Financial Instruments on equity investments and to investigate potential alternatives to fair value accounting for equity and equity-type instruments held for the long-term. ESMA closely monitors and contributes to EFRAG's work in this area [3]. In section IV of the questionnaire ESMA investigates more specifically the reasons underlying any connection between fair value accounting and the emergence of short-term pressures in the investment practice of issuers.

The questions in this section are primarily addressed to institutional and retail investors that make use of information in issuers' financial statements in their investment decisions, as well as to issuers that prepare financial statements.

[1] https://ec.europa.eu/info/sites/info/files/180131-sustainable-finance-final-report_en.pdf

[2] Inputs to Level 2 fair value measurements are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs to Level 3 fair value measurements are unobservable inputs for the asset or liability.

[3] <http://www.efrag.org/News/Public-183/New-EFRAG-consultation-on-Equity-Instruments--Research-on-Measurement>

Section V: Institutional investors' engagement

In this section, ESMA invites institutional investors to share their experiences and views on whether and how they monitor the long-term value maximisation of their investee companies by further engaging with them and voicing their potential concerns. The questions of this section indirectly relate to the revised Shareholder Rights Directive that established specific requirements in order to encourage shareholder engagement in EU listed companies. ESMA acknowledges that the Directive has entered into application only recently. In this section ESMA seeks to collect information on how engagement activities are put in place at the time of the publication of the questionnaire based on the current regulatory framework in the relevant Member States.

For the purposes of this questionnaire, engagement is defined as any monitoring and interaction by institutional investors with investee companies, including the exercise of voting rights and other activities to influence the investee company such as activist strategies.

The questions in this section are primarily addressed to institutional investors.

Section VI: Remuneration of fund managers and corporate executives

In this section, ESMA examines whether remuneration policy and practices of fund managers can be a driver of short-termism. Stakeholder feedback in this regard will provide further evidence in relation to the statements of the HLEG report about the “frequent separation of the behaviour of some financial intermediaries from the preferences of the ultimate beneficiaries” and that “job tenure and financial rewards for analysts, asset/money managers and traders” can be heavily dependent on short-term returns.

The questions in part A of this section are addressed to UCITS management companies, AIFMs, and self-managed UCITS investment companies and AIFs as they relate to how remuneration practices impact investment behaviour of asset managers vis-à-vis the funds they manage and the investors in such funds. The questions are particularly related to the requirements arising from the UCITS Directive [1], AIFMD [2], the Guidelines on sound remuneration practices under the UCITS Directive [3] and the Guidelines on sound remuneration practices under the AIFMD [4].

The questions in part B of this section are primarily addressed to issuers with reference to the remuneration packages assigned to their executives. Evidence on this aspect is expected to provide an indication of how executives’ incentives to pursue long-term vs. short-term performance can be skewed by the way their remuneration package is designed.

In addition, each section invites all stakeholders to comment on the potential contribution to short-termism from remuneration practices for fund managers or corporate executives.

[1] Directive 2009/65/EC

[2] Directive 2011/61/EU

[3] ESMA/2016/575

[4] ESMA/2013/232

Section VII: Use of CDS by investment funds

Building on the work already conducted by ESMA [1] looking at the prevalence of sell-only or net sell Credit Default Swaps (CDS) positions held by UCITS funds, this section of the questionnaire aims to collect information on the use of CDS by all investment funds. The existing evidence shows some use of sell only or net sell holdings of CDS and ESMA would like to explore this topic further in the context of short-termism. ESMA will use the information it collects from stakeholders to assess whether the use of such instruments could be one of the potential drivers of short-termism.

Sell-only or net sell CDS positions may indicate increased short-term risk taking by funds in order to generate short-term profits, thereby diverting funds from investment in the real economy and indirectly contributing to a short-term profit taking approach. This is why ESMA would like to explore this area by gathering evidence from stakeholders, particularly regarding the reasons for sell only or net sell holdings of CDS positions, and how the tail risk of CDS is managed. ESMA recognises that there may be other categories of derivatives that may also merit attention, so one of the questions allows respondents to comment on other products as well.

The questions in this section of the questionnaire are addressed to UCITS management companies, self-managed UCITS investment companies and AIFMs.

[1] (see “Drivers of CDS usage by EU investment funds” in Trends, Risks and Vulnerabilities Report No.2 from 2018)

Section VIII: Final

The last section of the questionnaire gives respondents the chance to raise any additional considerations on the topic of undue short-term pressure on corporations from the financial sector which they have not been able to reflect elsewhere in the survey.

All respondents are invited to respond to this part of the questionnaire.

How to respond

Deadline

ESMA will consider all responses received by **29 July 2019**

Technical instructions

The questionnaire is presented in EUSurvey which is the European Commission's online survey making tool.

In order to access the questionnaire, please click on the following link: <https://ec.europa.eu/eusurvey/runner/ESMA-SUS-2019>

When you click on the link, EUSurvey will open in your default browser and you will see the questionnaire. Before starting to fill in the questionnaire, we encourage you to read through all questions.

As you go through the questionnaire and fill in your responses, additional questions will sometimes appear. Such additional questions are based on your response to a previous question and are intended to collect further information about the response you have provided. However, unless specifically mentioned, you are invited to respond to all questions.

The full set of responses is submitted by clicking the "Submit" button at the end of the questionnaire. Upon submission, the system will offer you to print or download your responses for your own reference.

For any questions regarding the questionnaire, please send an email to short.termism@esma.europa.eu

Publication of responses

All contributions received will be published following the close of the survey, unless you request otherwise. Please clearly indicate under question [6] if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading 'Data protection'.

Definitions, abbreviations, and legal references

CDS

Credit Default Swaps

Corporate executives

Top managers, such as the Chair or the CEO, and/or members of the board of directors.

Engagement

For the purpose of this questionnaire, any monitoring and interaction by institutional investors with investee companies, including the exercise of voting rights and other activities to influence the investee company such as activist strategies

ESG

Environmental, Social and Governance

Fair value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS 13)

HLEG

High Level Expert Group

Holding period

For the purpose of this questionnaire, 'holding period' is defined as the elapsed time between the initial date of purchase and the date on which the investment is sold or matured if held to maturity.

Identified Staff

Categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the management company's risk profile or the risk profiles of the UCITS that it manages and categories of staff of the entity(ies) to which investment management activities have been delegated by the management company, whose professional activities have a material impact on the risk profiles of the UCITS that the management corporate manages.

Institutional investors

Asset owners or asset managers acting on their behalf

Long-term investment / value

For the purpose of this questionnaire, please consider these expressions in the context set out in the Commission's mandate on undue short-termism and in the European Commission's Action Plan 'Financing Sustainable Growth'.

Non-Financial Reporting Directive / NFRD

Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

Revised Shareholder Rights Directive

Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

Short-termism

The focus on short time horizons by both corporate managers and financial markets, prioritising near-term shareholder interests over long-term growth of the firm

I. General information about respondent

Please note that the questionnaire should be read in conjunction with the explanatory note, definitions and instructions. If you have not already read the explanatory note, please do so before you start filling in your responses.

* 1. Name of the company / organisation

1400 character(s) maximum

BlackRock

* 2. Type of respondent

Other

* Please specify

1400 character(s) maximum

AIFM
UCITS Management Company
MiFID Investment firm

* 3. Industry

Financials

* 4. Are you representing an association?

- Yes
 No

* 5. Country

Other

* Please specify

With 70 offices in 30 countries, BlackRock is a truly global firm that can combine the benefits of worldwide reach with local service and relationships. We have European offices in the Netherlands, Greece, Serbia, Belgium, France, Hungary, Denmark, Ireland, United Kingdom, Germany, Switzerland, Luxembourg, Spain and Italy.

* 6. Please indicate if wish to have your response published on the ESMA website

- I do not wish my response to be published
 I wish my response to be published

* 7. This questionnaire considers long-term investment in the framework of sustainable finance, under the assumption that long-term investment projects should be consistent with the objective of supporting the shift towards a more sustainable financial and economic system. In this context, for the purpose of filling in this questionnaire, what timeframe would you consider when defining long-term investment?

- 3-5 years
 6-10 years
 11-30 years
 +30 years
 Other

* Please explain your response

1400 character(s) maximum

At BlackRock, we define sustainable investing as the combination of traditional investment approaches with ESG insights to mitigate risk and enhance long-term return. We manage a broad suite of dedicated sustainable investment solutions, ranging from green bonds and renewable infrastructure to thematic strategies that allow clients to align their capital with the UN Sustainable Development Goals (including ETFs, Index funds, active strategies, alternative, etc.). We build scalable products and customized solutions across asset classes responding to different clients' needs and clients' investment horizons. Given the different types of capital used to improve financial outcomes for our clients and accelerate the adoption of sustainable business practices globally, it is challenging to define a specific timeframe.

II. Investment strategy and investment horizon

Click [here](#) for the list of definitions, abbreviations and legal references included in the Explanatory Note

8. Which time horizon do you apply in your general business activities?

Please tick one time horizon per category

	Less than 1 year	1-4 years	5-8 years	9-12 years	More than 12 years	Not applicable
Overall	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- Business strategy	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- Profitability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- Funding	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- Investment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- Trading	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- Other	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please mention your other activities and indicate the time horizon you apply to them

1400 character(s) maximum

BlackRock is a leading provider of asset management, risk management, and investment advisory services to institutional, intermediary, and individual clients worldwide. BlackRock represents the interests of its clients by acting as their agent. The financial markets are populated by a wide range of investors with hugely-varying considerations underpinning their investment horizons. Many are often balancing long-term financial goals (such as an individual investor saving for retirement) with shorter-term obligations or risks (such as, in the case of the individual investor, unplanned financial events that mean they need the flexibility that a more liquid investment provides). As a result, investors have both short- and long-term investment strategies that exist side-by-side and indeed, complement one another. Just as we advocate for the importance and benefits of clients consistently investing to create better financial futures, we also believe in investing in BlackRock with that same long-term approach. There are a variety of trends reshaping the asset management industry, including: rapid advancements in technology, heightened regulatory scrutiny, and changing priorities of investors. BlackRock needs to respond to these challenges and transform them into opportunities by creating solutions that meet our client's needs.

9. In your experience, to which extent do the following nodes in the investment value chain contribute to the tendency towards short-termism?

	1: Not at all	2: To a small extent	3: To some extent	4: To a large extent	5: To a great extent
Retail investors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset owners (i.e. giving the investment mandate either on their own account or on the account of retail investors)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset managers (i.e. those in charge of fulfilling the mandate of asset owners)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Top management of listed issuers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sell-side analysts	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please explain your response

2800 character(s) maximum

Short-termism refers to an excessive focus on short-term results at the expense of long-term interests is the standard definition given by the CFA Institute. Given that the general definition of short-termism is relatively straight forward, it gives one the illusion that the practice of short-termism is well understood in different contexts.

We believe that it is important to understand that short-termism could be defined in at least three different ways. (1) On behalf of investors who invest and redeem their interest in mutual funds, (2) on behalf of executives in a company who may prefer projects with near term cash flows to long term cash flows or (3) it could refer to mutual fund managers unduly focusing on the shorter horizon versus the longer-term horizon while making investment decisions.

It can be empirically shown that different types of information drives security returns at different horizons. In the short term, prices are extremely volatile relative to fundamental value. At very short horizons, days and weeks, prices are often locally mean reverting. As we extend the horizon into months and years, themes and factors, both transient and persistent, and macro and micro shocks to expectations, all play a crucial role. Active management at this horizon is largely about forecasting these. Finally, in the very long term the return of a security is only about the growth rate of that security. We review all these horizons.

Given that the source of return of a security varies with the horizon over which the return is measured, it organically gives rise to a variety of investment processes, each exploiting a different “signal” to maximise return. One horizon clearly does not dominate another, on the other hand, the risk adjusted outcome that results from skilful forecasts made at multiple horizons should dominate single horizon strategies because of diversification. Critically, we note that we are referring to diversification of investment processes as opposed to risk factor diversification.

In the context of portfolio management, we believe that short-termism cannot be disassociated from other horizons and its role in creating undue pressure on corporations is indeterminate.

- * Please mention any other nodes of the investment value chain that you believe are affected by the tendency towards short-termism and indicate the extent to which they are affected between 1 (Not at all) and 5 (To a great extent)

1400 character(s) maximum

Not applicable

10. To which extent does each of the following factors result in short-termism by your institution?

	1: Not at all	2: To a small extent	3: To some extent	4: To a large extent	5: To a great extent
Macroeconomic environment	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prudential regulation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market pressures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profitability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholders' interest	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Business objectives	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitive pressure	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Client demand	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company reporting requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Executive remuneration structure	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please explain your response

2800 character(s) maximum

Asset managers differ from most other financial firms in that they act as agents managing other people's money. We invest on behalf of our clients, within the guidelines specified by our clients for a given mandate, as set out in the investment management agreement (IMA) or established by the offering or constituent documents that establish the fund. For further explanation please see our answer to questions 9 and 12. In terms of internal practices like remuneration we would like to refer to question 44.

11. What is the actual holding period prevailing in your investment strategy?

Please respond on a best-effort basis and tick one holding period per category of securities

	Less than 1 year	1-4 years	5-8 years	9-12 years	More than 12 years	Not applicable
Equity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bonds	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please mention the other categories of securities which you invest in and indicate the holding period you generally apply

1400 character(s) maximum

At BlackRock, investment processes and associated holding periods vary considerably. For example, there are some active strategies with an annual turnover of greater than 1000% (e.g. money market funds where regulation requires shorter maturities or long / short model-based portfolios) and others with turnover orders of magnitude lower. The active platform is an amalgamation of strategies acquired through mergers across asset managers with different and successful skills that were brought under one brand. As explained in question 12, given that these strategies are not comparable on the basis of the information that they use or the rate at which this information is reflected in market prices, there is no benchmark to anchor our expected turnover which applies across the platform. In this context, it is impossible to see what short-termism means for asset managers and how, in aggregate, this a source of undue pressure on corporations. Furthermore, index investing is by definition long-term. Index investing broadly refers to buy-and-hold strategies for long-

term investment horizons. The index providers establish index inclusion rules and rebalance these indexes periodically according to the construction rules. Index funds are low-cost and transparent tools and are often held at the core of clients' portfolios.

12. To which extent does each of the following factors drive the actual holding period prevailing in your investment strategy?

	1: Not at all	2: To a small extent	3: To some extent	4: To a large extent	5: To a great extent
Profitability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Shareholders' interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Competitive pressure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Client demand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Remuneration practices in the financial sector	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
ESG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Monetary policies / macroeconomic factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Non-prudential regulation (e.g. tax regulation)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prudential regulation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company reporting requirements (any type of disclosure)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please explain your response

2800 character(s) maximum

Following on our answer in question 9, to be successful for active strategies certain conditions need to hold - forecasts will need to be better than the average investor at the chosen horizon. It must also be the case that the forecast target is meaningful and that the quantum of return available for a given set of forecasts is sufficient to meet active objectives. Finally, we need to ensure that when active portfolios are designed, the differences between it and the market are due to forecasts, and that the risks are consistent with those forecasts. In general, if these three conditions hold active strategies should be successful.

This framework allows us to understand that seemingly disparate and competing equity strategies arise as logical and complimentary responses to the ways in which security prices are determined and there is no general "optimal" holding period that is applicable across all fund managers. It all depends on the information that the portfolio manager chooses to use, how quickly that information is reflected in security prices and the

risk that they are willing to carry to achieve client objectives.

In practical terms, investor preference for short-termism on the behalf of their clients is sub-optimal for the entire value chain. Turnover decisions are decentralised and investors choose to invest in assets and securities where they believe that they can maximise their portfolio return as well as assets under management. The objective of the portfolio manager is therefore aligned with that of the investor. In the absence of noise, the difference in objectives and forecasts of each investor would lead to price formation in the market – this is a one way relationship. It is very hard to see what short-termism would mean in this construct.

13. On a best-effort basis, in the next 2 years, how do you expect the average holding period of the following portfolios to evolve?

Please tick one holding period per category of assets

	Increasing by less than 6 months	Increasing by 6- 12 months	Increasing by more than 12 months	No (notable) change	Decreasing by less than 6 months	Decreasing by 6-12 months	Decreasing by more than 12 months
Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please provide any relevant information supporting your expectations

1400 character(s) maximum

Not applicable

14. To which extent will the expected evolution in the average holding period, indicated under question 13, be driven by each of the following factors?

14.a Equities

	1: Not at all	2: To a small extent	3: To some extent	4: To a large extent	5: To a great extent
* Profitability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Shareholders' interest	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Competitive pressure	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Client demand	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Remuneration practices in the financial sector	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Economic activities	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* ESG	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Monetary policies / macroeconomic factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Non-prudential regulation (e.g. tax regulation)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Prudential regulation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Company reporting requirements (any type of disclosure)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14.b Fixed Income

	1: Not at all	2: To a small extent	3: To some extent	4: To a large extent	5: To a great extent
* Profitability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Shareholders' interest	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Competitive pressure	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Client demand	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Remuneration practices in the financial sector	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Economic activities	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* ESG	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Monetary policies / macroeconomic factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Non-prudential regulation (e.g. tax regulation)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Prudential regulation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Company reporting requirements (any type of disclosure)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please explain your response and, if necessary, indicate any other types of securities you hold and the factors which drive your holding period for those securities

2800 character(s) maximum

As mentioned in question 13 we don't expect the average holding period of our portfolios to evolve. BlackRock represents the interests of its clients by acting as their agent, and we do not expect any changes to this agency model in the next two years. When investing on behalf of clients we use a variety of strategies and asset classes across listed companies, private companies and other investment opportunities such as infrastructure. Asset owners include pension plans, insurers, official institutions banks, foundations, endowments, family offices, and individual investors. For example, pension plans, and insurers typically strive to generate sufficient income to meet their projected liabilities, whereas foundations and endowments seek to maximise long-term returns and preserve principal while paying out some of their earnings. In contrast, sovereign wealth funds seek to generate long term growth of assets or provide diversification from a particular country's economic drivers. The projected liabilities of individual pension plans and insurers differ markedly, leading to asset allocations that may be tailored by each asset owner. Likewise, official institutions can have different charters and thus bespoke investment portfolios. Most institutional asset owners are also subject to regulatory, tax, and accounting rules which further dictate their investment portfolios; while most pension plans are tax exempt, the majority of insurers are taxable entities, requiring insurers to factor in the tax implications of potential gains and losses when selling assets. Individual investors may have very different investment objectives, even over the course of their own lives (e.g., saving to purchase a home, saving for a child's education, retirement planning, etc.). Not surprisingly, asset owners adjust their asset allocation based on the environment in which they operate, along with market developments, and their views on risk/return trade-offs.

* Please mention any other factors which you believe will imply a change in the average holding period for your equity and / or bonds and indicate their relevance between 1 (Not at all) and 5 (To a great extent)

1400 character(s) maximum

Not applicable

III. Disclosures on ESG factors and their contribution to long-term investment strategies

Click [here](#) for the list of definitions, abbreviations and legal references included in the Explanatory Note

15. Based on your experience, please indicate to which extent you agree with the following statement: “Disclosure of ESG information by listed companies enables investors to take long-term investment decisions”.

- 1: Totally disagree
- 2: Mostly disagree
- 3: Partially disagree and partially agree
- 4: Mostly agree
- 5: Totally agree

* 17. Why does disclosure of ESG information by listed companies enable long-term investment?

Please respond by selecting one or several items from the list below

- ESG disclosure provides insights into a listed company’s long-term risk profile
- ESG disclosure provides insights into a listed company’s future financial performance
- ESG disclosure complements the information provided by listed companies in their financial statements
- Other

18. Even though you acknowledge that disclosure of ESG information by listed companies could enable long-term investment, you might have observed impediments as to how this link may work in practice. To which extent each of the following factors may discourage investors from using ESG disclosure to apply a long-term investment horizon?

Please respond by selecting one or several items from the list below

	1: Not at all	2: To a small extent	3: To some extent	4: To a large extent	5: To a great extent
* Lack of sufficient independent assurance on the provided ESG disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Lack of quantitative evidence regarding how the listed company contributes to national or international sustainability targets	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Lack of consistency between the disclosed ESG policies and evidence of the listed company’s actions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

* Lack of sufficiently forward-looking disclosure on ESG risks and opportunities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of comparability between different listed companies' disclosure due to the NFRD disclosure requirements not being sufficiently detailed and allowing for the use of various disclosure frameworks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Lack of a clear link between ESG matters and the current and future performance of the listed company	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Lack of an integrated presentation and analysis of financial and non-financial performance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Lack of information on the disclosure framework (s) which listed companies use	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Lack of an explicit statement indicating that the listed company's Board of Directors takes responsibility for the relevance, accuracy and completeness of the ESG disclosure provided	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Lack of access to / availability of ESG disclosure in data aggregators or other source data providers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Lack of sufficient knowledge by investors on how to incorporate ESG disclosure into their decision-making process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Other	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please mention any other factors which you believe may discourage investors from using ESG disclosure to apply a long-term investment horizon

1400 character(s) maximum

In general, existing ESG data have several drawbacks (1)Quality: The data are largely self-reported, with the resulting pitfalls of reliability and consistency. Raising the bar for company disclosure and establishing enhanced reporting frameworks is key. (2)Coverage: Most ESG data have only been around for a decade. Large cap companies tend to report more comprehensive ESG metrics than smaller companies, so dominate indexes. Coverage is particularly patchy in areas such as Emerging Markets and high yield debt. (3)Consistency: Individual ESG metrics are weighted differently across data providers. This means ESG scores from different providers have a low correlation with one another, unlike credit ratings, for example. (4) Frequency: Many ESG metrics are only updated annually. This makes it hard to find timely insights to manage risk or enhance returns. And indexes are periodically backfilled with new data, rewriting history. Bottom line: Data deficiencies mean there is a need to go beyond headline scores for ESG insights that may enhance returns. Understanding how and why individual score components can impact returns is key, and this can differ across industries. Another source of information could be thereport of the Autorité des Normes Comptables encouraging greater harmonisation and comparability of extra-financial information.

19. In your view, would requiring specific disclosures on intangible assets which are not accounted for in the financial statements enable long-term investment decisions?

- Yes
- No

* Please explain why and indicate which types of intangible assets should be disclosed and which methods of valuation should be used

1400 character(s) maximum

BlackRock signed up for the Embankment project for Inclusive Capitalism driving sustainable and inclusive growth. The report, which is available at EPIC-value.com, outlines several intangible assets and possible metrics for helping companies communicate their ability to generate long-term value to both investors and society as a whole.

20. The NFRD gives companies flexibility to disclose non-financial information to the extent necessary for an understanding of the undertaking's development, performance, position and the impact of its activity in relation to non-financial matters. Do you consider that further requirements are needed to increase the level of detail in the disclosure requirements regarding non-financial information?

- Yes
- No

* Please indicate which of the following approaches you consider appropriate:

- Detailed disclosure requirements should be set out in an EU regulation (i.e. a piece of legislation which is directly applicable in all EU Member States)
- Detailed disclosure requirements should be included in the NFRD (which is a directive and as such leaves it to Member States to transpose the disclosure requirements into their national law)
- The NFRD should be amended to require use of a specific, binding disclosure framework (e.g. based on the principles included in the European Commission's guidelines on non-financial reporting or other established disclosure frameworks)
- Other

* Please explain the other approach considered

2800 character(s) maximum

We are supportive of the approach to maintain consistency with global frameworks and standards, especially the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). We do not, however, believe these frameworks should be mandatory nor they represent the only non-financial reporting frameworks. For investors it is important to get access to as much as material information from issuers to make better informed decisions on behalf of clients. We therefore recommend a flexible approach recognising the rapidly evolving market practices in the field of non-financial reporting. We are also supportive of the existing "comply or explain" approach of the NFRD to give companies some flexibility to develop their own reporting practices providing meaningful and useful information to investors in line with global frameworks.

21. Do you consider that further steps in the area of non-financial reporting are needed at the national or the European level to enable investors to take long-term investment decisions?

- Yes
- No

* Please indicate which of the following approaches you consider appropriate:

- The NFRD should be amended to require a broader group of companies to disclose ESG information
- The NFRD should be amended to require that ESG disclosure is audited by an external, independent entity
- Enforcement powers on ESG disclosures should be strengthened and made more consistent across the Union
- Other

* Please specify

1400 character(s) maximum

We also advocate for greater consistency and transparency of ESG information at a global level.

IV. The role of fair value in better investment decision-making

Click [here](#) for the list of definitions, abbreviations and legal references included in the Explanatory Note

22. Based on your experience, please indicate to which extent you agree with the following statement: “For the purpose of undertaking an internal assessment of the performance of long-term investments held in equity instruments, fair value provides a company’s management with relevant information in order to better understand the short-term and the long-term consequences of the investments held”

- 1: Totally disagree
- 2: Mostly disagree
- 3: Partially disagree and partially agree
- 4: Mostly agree
- 5: Totally agree

* Please explain your response and provide evidence, where available

1400 character(s) maximum

Asset managers, like BlackRock, do not use their balance sheets in the ordinary conduct of their business. Therefore, our response is based on what we hear from asset owners. We believe that fair value remains the best measurement basis for assessing the value of a long-term investment at any specific point in time given it reflects the most up to date information impacting the value of an investment. The main challenge under IFRS 9 is the restriction of an institutional investor’s ability to recycle and recognise fair value gains into P&L on long-term equity investments (other than those held for trading) measured at fair value through OCI (Other comprehensive income). This may make investments in long-term equity investments less attractive when compared to the previous IAS 39 regime where such gains would have been converted into P&L on disposal.

23. Based on your experience, please indicate to which extent you agree with the following statement: “For the purpose of enabling an external analyst or investor to assess the performance of long-term investments held in equity instruments by a company, fair value provides relevant information in order to better understand the short-term and the long-term consequences of the investments”

- 1: Totally disagree
- 2: Mostly disagree
- 3: Partially disagree and partially agree
- 4: Mostly agree
- 5: Totally agree

* Please explain your response and provide evidence, where available

1400 character(s) maximum

Please see our response to Question 22. We believe that long-term investments should be valued on the same basis for both internal and external reporting purposes.

24. Is the current accounting treatment for equity instruments under IFRS 9 [1] a decisive factor in discouraging a company from undertaking new long-term investments in equities?

[1] Under IFRS 9 Financial Instruments equity instruments are accounted for at fair value with the possibility to exclude fair value changes from the statement of profit or loss

- Yes
- No

* Please explain your response, including whether you already apply IFRS 9, and provide evidence where available

1400 character(s) maximum

There is insufficient evidence to date to show that the new IFRS 9 requirements are a decisive factor in either discouraging new long-term equity investments or triggering divestment of existing long-term equity investments. However, the restriction in the ability to recycle fair value gains into P&L (as detailed in our response to Question 22) may encourage more investments in equity/debt investments with stable regular dividend/income distributions over long-term equity investment whose purpose is to create value in the long term by generating a capital gain in future years.

We also note that IFRS 9 requires equity-type investments in the form of puttable instruments, commonly issued by investment entities, to be treated as debt instruments measured at fair value through P&L (rather than OCI), irrespective of the economic substance and the business model of the underlying investment entity. This creates an accounting mismatch and volatility in reported earnings for institutional investors with long-term liabilities not accounted at fair value through P&L which may disincentive investors from seeking certain long-term investment opportunities available only through investment entities.

25. Is the current accounting treatment for equity instruments under IFRS 9 [1] a decisive factor in triggering divestment by a company of existing equity holdings elected for the long-term?

[1] Under IFRS 9 Financial Instruments equity instruments are accounted for at fair value with the possibility to exclude fair value changes from the statement of profit or loss

- Yes
- No

- * Please explain your response, including whether you already apply IFRS 9, and provide evidence where available

1400 character(s) maximum

Please see response to question 24

26. In your view, what are the factors that may impact the relevance to users of financial statements of fair value measurements for long-term investments?

You may choose more than one factor

- Volatility in reported earnings
- Measurement errors (in Level 2 or 3 Fair Value)
- Complexity of calculations (in Level 2 or 3 Fair Value)
- Management's opportunistic behaviour (in Level 2 or 3 Fair Value)
- Insufficient involvement of independent third-party assessment (in Level 2 or 3 Fair Value)
- Limited relationship with the expected developments of fair value in the long-term
- Other

- * Please explain your response and provide evidence, where available

1400 character(s) maximum

Please see our response to question 24, describing the challenge around volatility in reported earnings due to the specific IFRS 9 requirements for puttable instruments.

We also note that inadequate disclosures around fair value techniques and unobservable inputs to any Level 2 or 3 fair value is another key factor which may impact the relevance of fair value measurements, especially for unquoted long-term investments.

V. Institutional investors' engagement

Click [here](#) for the list of definitions, abbreviations and legal references included in the Explanatory Note

27. Is your investment strategy predominantly active or passive?

- Active
- Passive

- * Predominantly long-term or short-term?

- Short-Term
- Long-Term

- * Please explain your response also in connection with the investment time horizon you have indicated under question 8

2800 character(s) maximum

The majority of BlackRock's equity holdings are in index-tracked portfolios, please find a detailed overview on our website - BlackRock annual report 2018: https://ir.blackrock.com/Interactive/newlookandfeel/4048287/annual/2018AR/downloads/BlackRock_AR18-Complete.pdf

As mentioned in question 11, is index investing by definition long-term. Index investing broadly refers to buy-and-hold strategies for long-term investment horizons, with limited trading in the market. The index providers establish index inclusion rules (e.g. market capitalisation) and rebalance these indexes periodically according to the construction rules to reflect changes in the markets. Index investments offer individual and institutional investors a targeted, cost-effective, transparent and liquid opportunity to play the market. Index funds are also an excellent tool to achieve diversification and often hold at the core of clients' portfolios.

Please respond to the remainder of this section based on (i) the investment strategy you have indicated under question 27 and (ii) the investment time horizon you have indicated under question 8

28. Please elaborate on how the actual holding period of your investments (as you have indicated under question 11) matches with your investment mandate

1400 character(s) maximum

BlackRock takes a long-term perspective in its investment stewardship program informed by two key characteristics of our business: the majority of our clients are saving for long-term goals so we presume they are long-term shareholders, and the majority of our equity holdings are in index-tracked portfolios so our clients are, by definition, long-term shareholders. We engage with companies held in our full range of mandates that includes alpha-seeking, factor, indexing, and sustainability strategies alike to encourage them to adopt robust business practices consistent with sustainable long-term performance. We believe that companies with sound corporate governance practices, including how they manage the environmental and social aspects of their operations, better mitigate risk over the long term, and offer better risk-adjusted returns.

29. To which extent does your firm integrate long-term value considerations for the purpose of setting its investment strategy (and subsequent portfolio allocation choices)?

- 1: Not at all
- 2: To a small extent
- 3: To some extent
- 4: To a large extent
- 5: To a great extent

* Please explain why long-term value considerations do not play a major role

1400 character(s) maximum

This answer is linked to question 25. Because index portfolio managers do not have discretion to add securities outside of those in the benchmark index nor remove securities that continue to be held in the relevant index, our approach to ESG integration in index investment mandates emphasizes our investment stewardship activities. Direct engagement with companies, including proxy voting, is the mechanism we use to integrate and advance material sustainability insights to enhance long term risk adjusted returns. Our investment stewardship efforts benefit from firm-wide data and insights on sustainability-related issues, and our investment teams benefit from the sustainability insights derived from our stewardship activities – a powerful, positive feedback loop.

30. To which extent does your firm integrate long-term value considerations for the purpose of setting its engagement policy (and subsequent engagement activities)?

- 1: Not at all

- 2: To a small extent
- 3: To some extent
- 4: To a large extent
- 5: To a great extent

31. How does your firm engage with the investee companies in order to mitigate any potential sources of undue short-termism?

Please select one or several options from the below list

- Voting at the Annual General Meeting (AGM)
- Private engagement (bilateral meetings, conference calls, etc.)
- Collective engagement initiatives (coalitions, engagement platforms, etc.)
- Litigation (or a threat to use litigation as a negotiating tool)
- Other

*In case you selected **more than one option** in Question 31, please explain how you select different tools used for engagement*

2800 character(s) maximum

Engagement is core to our stewardship program as it helps us assess a company's approach to governance, including the management of relevant environmental and social factors. To that end, we conduct approximately 2,000 engagements a year on a range of ESG issues likely to impact our client's long-term economic interests. We meet with executives and board directors, communicate with the company's advisors, and engage with other shareholders where appropriate. Engagement helps better inform BlackRock's voting and investment decisions. We will vote against management when we judge that direct engagement has failed.

* 32. What are the main topics your firm engages on in order to mitigate any potential sources of undue short-termism?

You may choose more than one factor

- Remuneration of directors
- Board appointments (including board diversity, independence, tenure)
- Related party transactions
- Pay-out policy (dividends, share buybacks, etc.)
- ESG / sustainability-related
- Other

* 33. To which extent does your firm rely on proxy advisors for the purpose of deciding how to vote in order to mitigate any potential sources of undue short-termism?

- 1: Not at all
- 2: To a small extent
- 3: To some extent
- 4: To a large extent
- 5: To a great extent

* Please indicate from how many proxy advisors you obtain advice and indicate whether you have your own engagement team and, if you do, its size

1400 character(s) maximum

BlackRock's 40+ member Investment Stewardship team averages approximately 2,000 engagements annually, and undertakes this activity on behalf of clients as a fiduciary regardless of investment vehicle or strategy type. BlackRock's Stewardship team —like other teams —aims to be as localized as possible. A local presence allows us to understand the context in which companies operate and respond to the unique needs, objectives, and cultures of companies in each market. Sharing local insights about leadership practices, emerging trends, and policy developments with colleagues globally contributes to the understanding and insights of the whole team. These diverse perspectives help the team evolve and enhance our effectiveness as a trusted partner to clients and a constructive investor to companies.

Proxy advisory firms are a critical component of the proxy voting system, providing research and recommendations on proxy votes. We do not follow any single proxy advisor's voting recommendations, and in most markets, we subscribe to two research providers and use several other inputs in our own analysis in advance of making our voting decision.

34. Please indicate your agreement with the following statement: "Proxy advisors take into consideration long-term value when they provide voting advice"

- 1: Totally disagree
- 2: Mostly disagree
- 3: Partially disagree and partially agree
- 4: Mostly agree
- 5: Totally agree

35. Please indicate your agreement with the following statement: "Engagement activities can be an efficient way of mitigating any potential sources of undue short-termism"

- 1: Totally disagree
- 2: Mostly disagree
- 3: Partially disagree and partially agree
- 4: Mostly agree
- 5: Totally agree

* Please provide quantitative or anecdotal evidence to corroborate your answer

1400 character(s) maximum

We believe that companies with sound corporate governance practices, including how they manage the environmental and social aspects of their operations, better mitigate risk over the long term, and offer better risk-adjusted returns. We engage with companies to encourage them to adopt the robust business practices consistent with sustainable long-term performance.

36. To which extent do you consider your engagement activities successful in mitigating any potential sources of undue short-termism?

- 1: Not at all
- 2: To a small extent
- 3: To some extent
- 4: To a large extent
- 5: To a great extent

* Please provide quantitative or anecdotal evidence to corroborate your answer.

1400 character(s) maximum

We have been successful in our engagements with many companies. We continue to engage with some as the nature of the engagement is longer term, and we will persevere with those companies where we have, to date, been less effective than we would have liked. In our experience, perseverance is essential to success. Measuring success in stewardship needs to focus on change over the long-term as meaningful changes in business and governance practices don't happen in a single quarter, and maybe not even in one year. We use our voice as an investor to provide feedback and encourage what we consider to be good governance. We will vote against management proxy proposals if the company proves unresponsive to engagement. Voting is the most broad-based form of engagement we have with companies, and also provides a channel for feedback to the board and management about investor perceptions of their performance and governance practices.

37. Which are the main obstacles that institutional investors face when engaging with investee companies, and how could they be addressed in your view?

2800 character(s) maximum

38. Please indicate your agreement with the following statement: "The recent entry into application of the revised Shareholder Rights Directive is going to increase the extent to which your firm takes into account long-term value considerations for the purpose of setting your investment strategy and engagement policy"

- 1: Totally disagree
- 2: Mostly disagree
- 3: Partially disagree and partially agree
- 4: Mostly agree
- 5: Totally agree

* Please elaborate and explain which regulatory improvements could be considered, if any

2800 character(s) maximum

As mentioned in question 27, because index portfolio managers do not have discretion to add securities outside of those in the benchmark index nor remove securities that continue to be held in the relevant index, our approach to ESG integration in index investment mandates has consistently emphasized our investment stewardship activities. Direct engagement with companies, including proxy voting, is – and was prior to the implementation of Shareholder Rights Directive II – the mechanism we use to integrate and advance material sustainability insights to enhance long term risk adjusted return. Our investment stewardship efforts benefit from firm-wide data and insights on sustainability-related issues, and our investment teams benefit from the sustainability insights derived from our stewardship activities – a powerful, positive feedback loop.

VI. Remuneration of fund managers

Click [here](#) for the list of definitions, abbreviations and legal references included in the Explanatory Note

Part A: Remuneration of identified staff in funds

39. What is the average investment horizon of the funds managed by your firm?

Please select one investment horizon per category of fund

	Less than 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Not applicable
Hedge funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

40. In the salaries of identified staff [1] of your firm's funds, what is the average share of the variable component compared to the fixed component?

[1] Defined in the Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575) and Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232)

	0-20%	20-30%	30-40%	40-50%	Over 50%	Not applicable
Hedge funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

41. Over what average time is the reference period for variable remuneration calculated for the identified staff of your firm's funds?

	Less than 1 year	1-4 years	5-8 years	9-12 years	More than 12 years	Not applicable
Hedge funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Private equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

42. What average percentage of variable remuneration do you defer for identified staff of your firm's funds?

	40-50%	50-60%	60-70%	70-80%	Over 80%	Not Applicable
Hedge funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

43. On average, over what period do you defer the payment of the variable remuneration for identified staff of your firm's funds?

	3-4 years	5-6 years	7-8 years	9-10 years	More than 10 years	Not applicable
Hedge funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

44. Do you believe there are common practices in the remuneration of fund managers that contribute to short-termism?

- Yes
- No

* Please explain your response and indicate which features of fund manager remuneration contributes to short-termism

2800 character(s) maximum

We have only indicated yes to this question to be able to elaborate on our remuneration policy, but we do not believe BlackRock's remuneration of fund managers contributes to any form of short-termism.

In performing their services, asset managers must adhere to the investment objectives and guidelines of their clients. Investment funds are also subject to fixed investment objectives and guidelines which are found in the fund prospectus. Investment managers are typically paid according to a set schedule based on the amount of assets under their management, which may include an element of performance fee based on investment performance. The success or failure of the mandate is transparent in investment management with regular valuation of the AUM and reporting to the client. Investment managers compensate staff by reference to actual revenue from investment management fees earned in the previous year (or years) based on actual performance. Investment professionals will typically receive a base salary and a variable remuneration, such as a bonus. Disproportionately high base salaries are uncommon as they misalign incentives. Group heads allocate bonus pool within their group. All allocations reviewed by senior management and employees, in general, need to remain employed at the time of vesting in order to receive bonus. Part of all bonuses above a certain amount are deferred and paid in restricted stock units which vest in three annual instalments. In addition, some employees receive deferred restricted stock units which cliff vest in three years. There is a separate stock bonus program for very senior management, with the number of shares depending on a combination of the firm's average operating margin and organic asset growth over a three year period.

Part B: Remuneration of corporate executives

45. In your firm, what is the average share of the variable component of executive remuneration compared to the fixed component?

- 0-20%
- 21-30%
- 31-40%
- 41-50%
- Over 50%

46. Over what average time is the reference period calculated for variable remuneration of your firm's executives?

- Less than 1 year
- 1-4 years
- 5-8 years
- 8-12 years
- Over 12 years

47. Over what average period is the payment of the variable remuneration of your firm's executives deferred?

- less than 3 years
- 3-5 years
- 6-7 years
- 8-9 years
- 10 years or more

48. Is the awarding of variable remuneration to your firm's executives linked to any ESG-related objectives?

- Yes
- No

* Please explain your response and indicate which share of variable remuneration is linked to what ESG-related objectives

2800 character(s) maximum

One of BlackRock's Investment Stewardship engagement priorities for 2019 is compensation that promotes long-termism. We expect executive pay policies to use performance measures that are closely linked to the company's long-term strategy and goals to ensure executives are rewarded for delivering strong and sustainable returns over the long-term, as opposed to short-term hikes in share prices.

Internally, as described in BlackRock's remuneration disclosures, part of senior executive's variable remuneration is linked to ESG-related objectives. For example, performance highlights from senior executives in 2018 included:

- Exemplifying strong execution of long-term strategy and sustainability standards, overseeing the expansion of the BlackRock Investment Stewardship team to adapt to a variety of political, economic, and regulatory changes shaping the financial services industry on behalf of our clients.
- Driving a strong and diverse pipeline of BlackRock leaders, launching new cohorts of Enterprise Leadership Acceleration at BlackRock and the Women's Leadership Forum, internal development programs designed to build a strong and diverse pipeline of BlackRock leaders.

49. Do you believe there are common practices in the remuneration of corporate executives that contribute to short-termism?

- Yes
- No

* Please explain your response and indicate which common practices of corporate executive remuneration contributes to short-termism

2800 character(s) maximum

As mentioned in question 48. One of BlackRock's Investment Stewardship engagement priorities for 2019 is compensation that promotes long-termism. We expect executive pay policies to use performance measures that are closely linked to the company's long-term strategy and goals to ensure executives are rewarded for delivering strong and sustainable returns over the long-term, as opposed to short-term hikes in share prices. Please visit our website to find more information about our Stewardship approach to executive compensation <https://www.blackrock.com/corporate/literature/publication/blk-commentary-our-approach-to-executive-compensation.pdf>

VII. Use of CDS by investment funds

Click [here](#) for the list of definitions, abbreviations and legal references included in the Explanatory Note

50. What percentage of your funds are exposed to CDS?

Please indicate the closest applicable percentage and use 0 to indicate 'not applicable'

	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
All funds	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
UCITS funds	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
AIFs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

51. If your funds are exposed to CDS, what are they primarily exposed to?

Please fill in the table with the applicable percentages and use 0 to indicate 'not applicable'

	Single name CDS	Index CDS	Basket CDS	Other
All funds	44%	56%	0%	0%
UCITS funds	32%	68%	0%	0%
AIFs	62%	38%	0%	0%

*In case you reported a non-zero percentage to **Other** in question 51, please specify which kind of CDS you are referring to*

1400 character(s) maximum

52. What kinds of CDS exposures do your funds hold?

Please fill in the table with the applicable percentages and use 0 to indicate 'not applicable'

	Sell only	Net sell	Net buy	Buy only
All funds	17%	40%	21%	22%
UCITS funds	18%	56%	20%	6%
AIFs	0%	15%	85%	0%

53. If any of your funds hold sell only or net sell CDS positions, what is their primary investment strategy?

	Equity	Fixed income	Alternative	Other
All funds	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
UCITS funds	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
AIFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

* Please specify which kind of CDS you are referring to

1400 character(s) maximum

Under other we are referring to multi-asset funds, mainly using index CDS. Determined by the prospectus of the fund and when consistent with its investment objective, funds may buy or sell options or futures on a security or an index of securities, or enter into swaps, including total return swaps, credit default swaps and credit default swap index products, and foreign currency transactions (collectively, commonly known as derivatives).

54. What is the average size of your fund's holding of sell only or net sell CDS exposures, expressed in assets under management (AUM)?

Please select the relevant range for each category

	Below €1 million	€1 million ≤ X < €10 million	€10 million < X < €100 million	€100 million < X < €1 billion	Over €1 billion
All funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
UCITS funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
AIFs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

55. If you hold sell only or net sell CDS positions in any of your funds, please select in the list below one or several reasons for holding sell only or net sell CDS positions

- To gain credit exposure to underlying credit name / index / basket
- To improve returns in fund through collecting CDS premia
- Other

56. If you hold sell only or net sell CDS positions in any of your funds, do you:

- Monitor underlying default risk of the CDS reference instrument / index / basket?
- Believe your positions accentuate tail risk exposure in the funds holding them?
- Monitor potential tail risk exposure in your funds with sell only or net sell CDS positions?
- Take into account the leverage in the exposed fund?
- Other

* Please explain your response

1400 character(s) maximum

The use of credit default swap contracts is restricted to the extent that the benefits to the funds mirror that which could be obtained by direct investment in the underlying instruments and that the swaps do not expose the funds to risks which they would not otherwise assume (other than the exposure to the credit default swap counterparty).

57. Are there other classes of derivatives used by investment funds that could increase short-termism in the economy?

2800 character(s) maximum

No. Academic research has shown that derivative based hedging strategies improve risk allocation, and make markets more efficient. Derivatives instruments allow mutual funds to implement risk management activities efficiently and with relatively low transaction costs. They also allow asset managers to take specific views on specific markets or asset classes, often for diversification purposes. Portfolio managers use derivatives for the purposes of efficient portfolio management in order to reduce risk and/or costs and/or generate additional income or capital.

VIII. Final

Click [here](#) for the list of definitions, abbreviations and legal references included in the Explanatory Note

58. Do you have any additional input you wish to provide in relation to the topics covered in this survey? Please provide links to any relevant material / publications.

2800 character(s) maximum

No, any assessment of short termism in asset management needs to be seen in the context of a number of criteria including the client's strategic asset allocation and risk tolerance set out in their mandate to the asset manager, ongoing stewardship and engagement with investee companies as well as a wide variety of factors which drive tactical asset allocation, before considering what actions, in aggregate, could represent a source of undue pressure on corporations.

As a fiduciary, BlackRock engages with companies to drive the sustainable, long-term growth that our clients need to meet their goals. Blackrock's CEO Larry Fink has highlighted the importance of long-term investment and his support to sustainable investments in his letter's to CEOs in 2018 and 2019. In his annual letters, Larry Fink calls on company leaders to take a more active role in addressing societal issues, from retirement to infrastructure. Larry has warned leaders to start accounting for the societal impact of their companies, or risk disappointing the largest asset manager in the world. In 2019 he reiterated that businesses have a responsibility to the communities they serve, not just to their bottom line, since "profits and purpose are inextricably linked."

2018: <https://www.blackrock.com/hk/en/insights/larry-fink-ceo-letter>

2019: <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

In the context of sustainability, we would like to reiterate a strong touch-point we see between debates over 'long termism' and the subject of 'sustainable finance' within the realm of investment stewardship. BlackRock's Investment Stewardship engagement priorities for 2019 are: governance, including your company's approach to board diversity; corporate strategy and capital allocation; compensation that promotes long-termism; environmental risks and opportunities; and human capital management. These priorities reflect our commitment to engaging around issues that influence a company's prospects not over the next quarter, but over the long horizons that our clients are planning for. In these engagements, we do not focus on your day-to-day operations, but instead seek to understand your strategy for achieving long-term growth.

59. Do you consider that any topics beyond those covered in the survey should be addressed in ESMA's advice to the European Commission on potential undue short-term pressures exercised by the financial sector on companies? Please provide links to any relevant material / publications.

2800 character(s) maximum

As an overarching comment, we would like to reiterate that it is important to consider the differences in the roles and responsibilities of asset owners and asset managers. Asset owners include (for example) pension funds, insurance companies, official institutions, banks, foundations, endowments, family offices, and individual investors located all around the world. Each type of asset owner has different needs, objectives and considerations that affect their investment objectives and timelines (and, if they delegate the management of their assets to asset managers, the mandates or funds in which they invest). It is asset owners who are responsible for strategic asset allocation, and the role of an asset manager is to act as a fiduciary (or analogous concepts of acting in the client's best interests) for its clients in tactical execution of the asset owner's chosen investment strategies.

In some policy discussions, the concept of 'short term' versus 'long term' is focused on enabling asset owners to increase their allocation to certain illiquid investments (such as infrastructure). In that vein, we do think it is appropriate to look closely at the existing regulatory frameworks for certain types of investors, such as insurers and pension funds (in cooperation with those groups) and see whether there are regulatory disincentives that lead them to avoid certain longer-term risks that they would otherwise consider appropriate for their needs.

In other public discussions, the 'short-term' versus 'long-term' investment debate focuses on turnover of investment portfolios or the holding period for particular investments. BlackRock notes that these rates can present a misleading picture especially in open-ended funds as they include secondary market activity by clients subscribing and redeeming and not just the asset manager's long-term strategy. Pooled vehicles offer the ability for investors with different time horizons or liability profiles to invest alongside each other and make investments to which they would not otherwise have access. In many cases, the corollary for co-investment is the need to provide direct or secondary market liquidity to investors, otherwise the fund will not be scalable or indeed viable. This does however mean that pooled funds typically have a continual flow of subscriptions and redemptions.

60. Do you have any other comments or thoughts on the issue of short-termism? Please provide links to any relevant material / publications.

2800 character(s) maximum

BlackRock as well as industry association and global organizations have written extensively on a number of the issues including the long-term financing of the European economy and how to facilitate long-term investment by institutional investors. Additionally, BlackRock has responded to other questions / reports raising concerns regarding potential short-termism in capital markets in the past. We would encourage ESMA to cross-reference the remarks in this response with those in the related research papers and comment letters. For example:

- Kay review – BlackRock responses <https://www.gov.uk/government/news/kay-review-publishes-report-on-uk-financial-sector>
- Green Paper on the Long-Term Financing of the European Economy – BlackRock response <https://www.blackrock.com/corporate/literature/publication/ec-greenpaper-long-term-financing-european-economy-062513.pdf>
- FCLT Global, Focusing capital on the long term - <https://www.fcltglobal.org/research/reports>

- OECD publications - <http://www.oecd.org/pensions/private-pensions/institutionalinvestorsandlong-terminvestment.htm>

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