Via Electronic Submission

July 21, 2016

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

Re: Business and Financial Disclosure Required by Regulation S-K, Concept Release; File No. S7-06-16; Release Nos. 33-10064, 34-77599

Dear Mr. Fields:

FTSE Russell welcomes the opportunity to respond to the U.S. Securities and Exchange Commission ("SEC" or "Commission") concept release on Business and Financial Disclosure Required by Regulation S-K ("Concept Release").[1] We commend the Commission on this initiative to modernize certain disclosure requirements in Regulation S-K. This comprehensive review will benefit investors and registrants.

FTSE Russell is an index and analytics provider wholly owned by the London Stock Exchange Group.[2] We have been a leader in environmental, social, and governance ("ESG") data and benchmarks for over 15 years. FTSE Russell provides visibility to U.S. companies through inclusion in our sustainability indexes which are used by investors globally to make investment decisions. In addition, FTSE Russell has a number of data services with analytical tools that help investors integrate ESG considerations into their investment decision making processes.

We provide below specific responses to the questions regarding disclosure of information related to public policy and sustainability matters.[3] In summary, we believe that investors are increasingly viewing ESG information as material to investment decision making. Updating the definition of materiality in this context is complex and sector specific. Further guidance for registrants is necessary and must be appropriately calibrated, taking into account the emerging status of domestic and international standards in the area of ESG reporting. Disclosure of

[1] Concept Release, Business and Financial Disclosure Required by Regulation S-K, 81 F.R. 23916 (April 22, 2016). https://www.gpo.gov/fdsys/pkg/FR-2016-04-22/pdf/2016-09056.pdf.

[2] "FTSE Russell" is a trading name of FTSE International Limited ("FTSE") and Frank Russell Company ("Russell"), wholly owned by the London Stock Exchange Group. FTSE is a limited liability company registered in England and Wales. Russell is a Washington corporation.

[3] Concept Release at 23969.

immaterial information unnecessarily increases costs for registrants and diminishes the quality of information available to investors. We believe that any guidance on ESG reporting should consider the work of the Financial Stability Board ("FSB") and other domestic and international standard setters and strike an appropriate balance between encouraging supply of consistent and relevant data with avoidance of overly prescriptive requirements.

Disclosure of Information Related to Public Policy and Sustainability Matters

Question 216. *Are there specific sustainability or public policy issues that are important to informed voting and investment decisions? … How could we create a disclosure framework that would be flexible enough to address such issues as they evolve over time? Alternatively, what additional Commission or staff guidance, if any, would be necessary to elicit meaningful disclosure on such issues?*

Investors are increasingly integrating ESG evaluations in their investment process. Investors review ESG information as part of or alongside financial disclosures in trying to understand a company's development, performance, and competitive position. In order to be flexible enough to address ESG issues as they evolve over time, any disclosure requirements should guide companies to describe the relevance of specific ESG factors within the particular business sector and the material impact of the ESG factors on the firm's long-term profitability, risk management, and competitive position. Every effort should be made to ensure disclosure requirements are consistent with accepted global standards to facilitate ease of use by investors.

Question 217. *Would line-item requirements for disclosure about sustainability or public policy issues cause registrants to disclose information that is not material to investors? Would these disclosures obscure information that is important to an understanding of a registrant's business and financial condition? Why or why not?*

In order to prevent immaterial information from being passed to investors, the Commission should be cautious in providing "one-size fits all" line-item requirements. It is very difficult to set general reporting models that could fit all sectoral issues and companies. Instead, the disclosure requirements should incorporate the appropriate international standards and guidelines.[4] We also recommend that disclosure requirements support registrants in self identifying the most relevant issues to their specific sector and corporate strategy.

Question 218. *Some registrants already provide information about ESG matters in sustainability or corporate social responsibility reports or on their Web sites. Corporate sustainability reports may also be available in databases aggregating such reports. …Is the information provided on company Web sites sufficient to address investor needs? What are the advantages and disadvantages of registrants providing important to investors is integrated reporting, as opposed to separate financial and sustainability reporting?*

Registrants should be encouraged to publish all of their relevant policies on their websites and disclosures should reference those published policies. Where data relates to a given period of time it should be aligned with financial reporting both in terms of reporting boundaries and time

[4] For example, relevant domestic and international initiatives include: the Greenhouse Gas Protocol, the Global Reporting Initiative, the Sustainability Accounting Standards Board, CDP, the International Integrated Reporting Council, the Organisation for Economic Co-operation and Development Guidelines for multinational enterprises, and the upcoming FSB recommendations on climate-related financial disclosure.

periods. Ideally this information should be released at the same time as financial data. The channel used to disclose the information (e.g., annual report, sustainability report, integrated report, filings) is less relevant so long as the quality and reliability of the information is equally high.

Question 219. *In an effort to coordinate ESG disclosures, several organizations have published or are working on sustainability reporting frameworks. Currently, some registrants use these frameworks and provide voluntary ESG disclosures. If we propose line-item disclosure requirements on sustainability or public policy issues, which, if any, of these frameworks should we consider in developing any additional disclosure requirements?*

There is a need for global harmonization in disclosure frameworks. If there are different standards used in each country and region then it becomes extremely costly for companies with global operations to comply and difficult for investors to use data that is not globally consistent. Therefore focusing on the most established global frameworks is valuable. We believe one starting point could be the UN Sustainable Stock Exchanges (SSE) Model Guidance on sustainability reporting. The disclosure requirements should reference or draw from the main international standards and guidelines.[5]

Further, as mentioned above, we believe the Commission should ensure the framework allows for disclosure requirements that vary by industry. Different business sectors are impacted by different ESG issues. It is vital to create requirements that stress the relevance of information provided, and not overwhelm investors with immaterial information. For example, water use metrics become relevant if a company operates in industrial sectors where water usage is higher and also in countries or areas where there are greater water scarcity challenges.

In the long term, a clear and comprehensive framework of material issues reflecting global standards is necessary. The development of such a framework will continue to emerge from increased global dialogue and consensus between investors and companies.

Question 220. *Are there sustainability or public policy issues for which line-item disclosure requirements would be consistent with the Commission's rulemaking authority and our mission to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation, as described in Section III.A.1 of this release? If so, how could we address the evolving nature of such issues and keep our disclosure requirements current?*

We believe the best approach to ESG disclosure requirements should not be in the form of blanket regulations. Addressing sectoral issues should be a priority due to the wide spectrum of different industries that will be subject to the scope of future action by the Commission in this area. Any new disclosure requirement should contain definitions of key indicators as well as guidance on the relevant application to particular business sectors to prevent immaterial information from reaching investors.

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[5] *Id.*

We appreciate the opportunity to comment on this Concept Release. Please do not hesitate to contact us regarding any questions raised by this submission or to discuss our comments in greater detail.

Yours sincerely,

Jonathan Jachym
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London Stock Exchange Group