

Targeted Consultation - Shareholder Rights Directives (SRDs)

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About you/ your organisation

- 1 Please provide the name of your organisation (or if you are responding as a natural person, please indicate that. If you wish to provide your name, you are welcome to do so).

France Post-Marché Association

- 2 Where are you / your organisation based?

France

- 3 Where are your headquarters based?

EU

- 4 Which of the following best describes where you / your organisation are active?

Global

- 5 Which of the following best describes you / your organisation:

Association / umbrella organisation representing one or more of the other groups listed

- 7 Please indicate which categories of the organisation(s) you represent (please select all that apply):

Investor (institutional)

Investor (asset manager)

Investor (retail)

Issuer (i.e. a company with publicly traded shares)

Intermediary (e.g. a central security depository, custodian bank, other credit institution, investment / brokerage firm)

General questions on the importance of and progress made as a result of the implementation of the SRDs

This part of the survey asks for high-level input concerning the importance for you of the issues addressed in the SRD1 and SRD2, and your view of how the conditions for shareholder rights have evolved in recent years.

- 10 Please indicate how important the following are in terms of needs and priorities for you/ your organisation. Please rate from 1-5 where 5 = Very important and 1 = Not important at all; or if you do not know, or if not relevant.

a Promoting shareholder engagement (equal treatment of shareholders)

5 (1 - 6)

b To ensure investors can be better prepared for the GM

5 (1 - 6)

c To improve investors' ability to participate in the GM

5 (1 - 6)

d To enable investors to better exercise voting rights in the GM

5 (1 - 6)

e Increasing transparency vis-à-vis shareholders (shareholder identification)

5 (1 - 6)

f Facilitating the transmission of information across the investment chain

5 (1 - 6)

g Facilitating the exercise of shareholder rights

5 (1 - 6)

h Ensuring non-discrimination, proportionality and transparency of costs in services to facilitate the exercise of shareholder rights

5 (1 - 6)

i Creating an enabling environment for cross-border investment in the EU

5 (1 - 6)

j Creating an enabling environment for Third Country investment in the EU

5 (1 - 6)

k Creating a level playing field for third-country intermediaries

5 (1 - 6)

l Increasing transparency of proxy advisors

Don't know/Not relevant (1 - 6)

m Providing a framework for the digitalisation of interactions across the investment chain

5 (1 - 6)

11 In your view, how much progress has been made in these areas since the deadline for full application of all SRDs provisions since September 2020? Please rate from 1-5 where 5 = Very significant progress and 1 = No progress at all; or if you do not know, or if not relevant.

a Promoting shareholder engagement (equal treatment of shareholders)

2 (1 - 6)

b To ensure investors can be better prepared for the GM

3 (1 - 6)

c To improve investors' ability to participate in the GM

4 (1 - 6)

d To enable investors to better exercise voting rights in the GM

4 (1 - 6)

e Increasing transparency vis-à-vis shareholders (shareholder identification)

3 (1 - 6)

f Facilitating the transmission of information across the investment chain

4 (1 - 6)

g Facilitating the exercise of shareholder rights

3 (1 - 6)

h Ensuring non-discrimination, proportionality and transparency of costs in services to facilitate the exercise of shareholder rights

3 (1 - 6)

i Creating an enabling environment for cross-border investment in the EU

3 (1 - 6)

j Creating an enabling environment for Third Country investment in the EU

3 (1 - 6)

k Creating a level playing field for third-country intermediaries

Don't know/Not relevant (1 - 6)

l Increasing transparency of proxy advisors

Don't know/Not relevant (1 - 6)

m Providing a framework for the digitalisation of interactions across the investment chain

3 (1 - 6)

n Other, please specify: Globally speaking SRD2, we lack perspective because the implementation is too recent and has occurred in a period with a COVID confinement phase. The notion of exercise of shareholder rights is global. It encompasses rights GM and CA processing

3 (1 - 6)

12 How consistent are the SRD1 and SRD2 with EU policies, requirements and regulations in related fields? Are there any, conflicts or tensions?

a The General Data Protection Regulation 'GDPR'

Don't know/Not relevant (1 - 6)

b The CSD Regulation

Don't know/Not relevant (1 - 6)

c The insolvency Directive

Don't know/Not relevant (1 - 6)

d The Transparency Directive

Don't know/Not relevant (1 - 6)

e Regulation on a pilot regime for market infrastructures based on distributed ledger technology

Don't know/Not relevant (1 - 6)

f Markets in financial instruments directives and Regulation (MiFID 1, 2 and MiFIR)

Don't know/Not relevant (1 - 6)

g The regulation on key information documents for packaged retail and insurance-based investment products (the PRIIPs Regulation)

Don't know/Not relevant (1 - 6)

h Other, please specify:

Don't know/Not relevant (1 - 6)

14 What do you consider to be the main achievement, improvement or positive impact of the SRD1 and SRD2 to date?

"Main achievement is global improvement of General Meeting and shareholders identification processes and marginal improvement on CA processes having in mind that on CA the level of compliance were already very high before the SRD2 implementation. The main improvement of GM process relates notably on dissemination of information (when Issuers respect the rules), reception and processing of the investors votes along the chain (processing of the chain of votes). Limits remain on details of information from the investor to the issuer depending on countries. In the information coming from the issuer, sometimes it refers to the website of the issuer with a mass of information not carried via machine readable messages."

15 What do you consider to be the main challenge or disappointment with the SRD1 and SRD2 and/or its implementation to date?

"One of the Greatest disappointments is the huge investment costs to improve general meeting process for very small progress on retail investors vote. There are Remaining barriers for cross border vote on retail side. The transmissions of retail votes on a one-by-one basis incurs important messaging flows and leads to useless ongoing costs. Custodians did their best to put in place a smooth and STP Shareholder identification processing. They have complied with all the SRD2 requirements, including publishing fee schedule, to be able to change proportionate and non-discriminatory cost. Unfortunately, the custodians are almost the only ones to bear related costs. Indeed, the Shareholder ID providers refuse very often to pay compensation's invoice. In the best-case Shareholder ID providers send back a negative response advising to liaise with the issuer directly in many cases they even don't get any feedback on the invoice. We do believe that a definition of the Shareholder ID Provider, its status and a detail description of its role and duty may significantly improve the current situation. The former Shareholder Identification processing on the French market, called TPI – Titres au Porteur Identifiable, has inspired the evolution of the French Market framework accordingly. It could be an example for solving this concern in the future."

16 Looking to the future, the next questions ask about changes that could be considered to improve specific provisions of the SRDs. How do you think the regulatory framework for shareholder rights in the EU should evolve in the future'?

a Business as usual, meaning that shareholder rights should be regulated at EU level based on the two SRD Directives, and the Commissions Implementing Regulation

Not sure (1 - 3)

"We lack perspective because the implementation is too recent and has occurred in a period with a COVID confinement phase"

b Increased harmonisation, meaning that the framework should be enhanced by a Regulation whose provisions would be directly applicable in the Member States

No (1 - 3)

- c Other – please describe any other changes to the overarching regulatory framework for shareholder rights that you think are necessary

Yes (1 - 3)

"There is a need to remove inconsistencies between SRDs and local legal frameworks. Directive by giving more precisions in any future SRD evolution. It is to be noted that Corporate Actions had a very high level of compliance before SRD2 implementation as a result of huge work since 2009"

General Meetings (Articles 4-14)

In this section you are invited to provide feedback on the SRD provisions on general meetings.

- 17 Please indicate how important the following are in terms of needs and priorities for you/ your organisation. Please rate from 1-5 where 5 = Very important and 1 = Not important at all; or if you do not know, or if not relevant.

- a Availability of access to information prior to the GM

5 (1 - 6)

- b Rights to put items on the agenda/ table draft proposals

5 (1 - 6)

- c Streamlined requirements for participating and voting

5 (1 - 6)

- d Electronic participation

1 (1 - 6)

- e Electronic voting

5 (1 - 6)

- f Ability to exercise the right to ask questions

5 (1 - 6)

- g Ease of proxy voting

5 (1 - 6)

- h Ease of appointment and notification of proxy holders

5 (1 - 6)

- i Ease of voting by correspondence

3 (1 - 6)

- j General removal of impediments to exercise of voting rights

5 (1 - 6)

- k Processes for- confirmation of receipt, recording and counting of the votes cast

4 (1 - 6)

-
- 18 In your view, how much progress has been made in these areas since the deadline for full application of all SRD2 provisions in September 2020? Please rate from 1-5 where 5 = Very significant progress and 1 = No progress at all; or if you do not know, or if not relevant.

- a Availability of access to information prior to the GM

4 (1 - 6)

- b Rights to put items on the agenda/ table draft proposals

Don't know/Not relevant (1 - 6)

- c Streamlined requirements for participating and voting

1 (1 - 6)

- d Electronic participation

1 (1 - 6)

- e Electronic voting

3 (1 - 6)

- f Ability to exercise the right to ask questions

4 (1 - 6)

g Ease of proxy voting

3 (1 - 6)

h Ease of appointment and notification of proxy holders

Don't know/Not relevant (1 - 6)

i Ease of voting by correspondence

1 (1 - 6)

j General removal of impediments to exercise of voting rights

3 (1 - 6)

k Processes for- confirmation of receipt, recording and counting of the votes cast

3 (1 - 6)

19 Please indicate how often issuers in the market where you are active/hold shares/operate organise general meetings in the following formats

a Fully virtual (online) general meetings

Rarely (1 - 6)

b Hybrid general meetings

Mostly (1 - 6)

c Entirely physical general meetings

Sometimes (1 - 6)

20 If you wish to make any comments (for example on specific Member States/ markets), or refer to evidence, please do so here:

"Availability of access to information prior to the GM : there has been a clear improvement of top down information Rights to put items on the agenda/ table draft proposals is not part of the provision of SRD2 and its implementation rules. Streamlined requirements for participating and voting: few countries present difficulties of that kind (Poland, Czech Republic, etc) Electronic participation: the concept of electronic participation is not clear and should be defined in this survey in order to avoid confusion. We have considered here meaning a remote participation during the GM. Electronic voting: the formulation is not clear. Here we consider it means vote before the GM via means permitting machine readable format and an end-to-end transmission of the votes. It was more or less already the case for institutional investors, an improvement has been experienced on the retail side in a cross-border perspective. Domestic channel was already in place (VOTACCESS secured electronic voting platform) The concept of Ease of voting by correspondence is not clear. Is it pure vote sent via Post Mail or on distance electronic vote via machine readable means. The "virtual" formulation is misleading. A General Meeting with physical attendance can accept on distance votes via electronic form or even post mail votes (to be received before the GM date). It is not then needed to attend physically (for example French case). In few countries this last step implies to transmit these votes to a physical person locally who must attend physically the meeting. They may be in this latter case further requirements in terms of formalities (re registration process, notarification, paper based proof of entitlement etc due to local specifications: for instance Poland, Czech Republic,..."

21 Are you aware of any general meetings, where shareholders (or their agents) were not offered the possibility to attend in person (i.e. only fully virtual /electronic participation was offered)?

No

22 If you wish to make any comments, or refer to any evidence, please include here:

"No, except during periods of COVID confinement."

23 To what extent are the following factors (in the table below) barriers to exercising of shareholder rights related to general meetings and to related corporate action processing?

a Specific national requirements (in particular, requirements of Powers of Attorney to exercise voting rights)

To a large extent (1 - 5)

b Market practices require paper-based supports to prove entitlement to vote (Powers of Attorney, wet ink signatures, etc.)

To a large extent (1 - 5)

c The fees charged to vote or participate in meetings are disproportionately high

To some extent (1 - 5)

d The fees charged to vote or participate in meetings are non-transparent

To a small extent (1 - 5)

- e There are problems with the transmission of information when shareholders try to exercise their rights (delays or incomplete information)
To a small extent (1 - 5)
- f The length and complexity of chains of intermediaries (custody or investment chains) makes it difficult
To a small extent (1 - 5)
- g No harmonised definition of shareholder (i.e. who is entitled to exercise the rights attached to shares) at EU level
Not at all (1 - 5)
- h Market actors have not adopted market standards (such as ISO 20022), which reduces shareholder engagement
To a small extent (1 - 5)
- i Shareholders or their representatives are unable to participate on-line in general meetings
Not at all (1 - 5)
- j Lack of harmonisation of the evidence of entitlement needed to exercise shareholder rights across the Member States
To some extent (1 - 5)
- k Lack of harmonisation of the record date across Member States
To a small extent (1 - 5)
- l The confirmation of the entitlement and the reconciliation obligation
To some extent (1 - 5)
- m The sequence of dates and deadlines
Don't know/Not relevant (1 - 5)
- n The communication between issuers and central securities depositories (CSDs) as regards timing, content and format
Don't know/Not relevant (1 - 5)

24 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"The fees charged to vote or participate in General Meetings are disproportionately high in the case of retail investor on a cross border context. However, there is no demand on this item from retail clients currently. There are problems with the transmission of information when shareholders try to exercise their rights (delays or incomplete information), in specific case when intermediaries in the chain do not comply to the standards, for instance when there is a need for re registration of the shareholder before the gm not compatible with the deadline of the gm (Nordic market) In certain case (investors from third country) they may be cases of long chain putting some issue in case of problem on the vote order (for instance bad identification of the shareholders in nominee approach) Regarding the definition of shareholder (i.e. who is entitled to exercise the rights attached to shares) at EU level, this is not really an issue at EU level but an opposition of view coming from some third countries cases that has nominee concept. Regarding the "evidence of entitlement needed to exercise shareholder rights across the Member States", it depends on what we consider as evidence of entitlement. There are cases of countries where documents are to be provided or local added formalities to be made. Regarding the "the record date" across Member States, the problem does not relate to the harmonization of the record date per se but a lack of harmonization of his position towards the GM day with potential operational risk when it is too close to the GM day and lost of sense when it is too far from the GM day with the risk of participation to a GM of attendees not being any more shareholders. An optimal approach would be a RD on 5 Business Day before GM day Confirmation of entitlement and the reconciliation obligation; Under a machine readable process, the vote instruction should be considered as the entitlement confirmation implying possibility for potential modifications."

25 What are your views on the effects of harmonising the evidence of entitlement requirements and of the record date for shareholders at EU level?

- a Would the harmonisation of the evidence of entitlement requirements be desirable?
To some extent (1 - 5)
- b Would the harmonisation of the evidence of entitlement ensure that shareholders are more able to exercise their voting rights and participate at general meetings?
To some extent (1 - 5)
- c Would the harmonisation of the record date be desirable?
To some extent (1 - 5)

26 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"Our answer regarding "the harmonisation of the evidence of entitlement requirements" aims only to avoid local barriers due to paper based documentation or physical attendance obligation and repetition between different elements. For instance, in an electronic vote instruction process, the position is carried in the instruction and certified by the intermediaries. Any added proof of entitlement in this case should not be requested but only adjustment of position if votes have been sent far before RD and a change in position occurs. Our answer regarding "the harmonisation of the evidence of entitlement ensure that shareholders are more able to exercise their voting rights and participate at general meetings", depends on the

way it is done. Frictionless exchange of information based on machine readable means should be considered. Considering the harmonisation of the record date, the issue does not concern the record date per se but its positioning towards GM date. A too close positioning creates potential operational risk with very late instructions of votes and potential move of holdings that make the GM process very difficult and risky to be operated. A too far positioning creates condition for having attendance of people in the GM that have no more holdings in the company for a while creating place for non appropriate behaviors during the GM. It seems that a RD positioned on 5 Business Days before the GM would be an optimal compromise between the two concerns."

Costs related to attending a general meeting

27 On average, what are the costs incurred to physically attend a general meeting (e.g. for travel, accommodation, man-hours, and subsistence)? Please consider both general meetings you have attended and those you have not attended). Please provide a value in Euros.

- a Travel
Don't know
- b Accommodation
Don't know
- c Time
Don't know
- d Subsistence
Don't know
- e Costs of voting/ participation
Don't know
- f Other, please specify:
Don't know

28 What would be the costs related to online participation? Please provide a value in Euros.

- a Time
Don't know
- b Costs of voting/ participation
Don't know
- c Other, please specify:
Don't know

Identification of shareholders (Article 3a)

In this section we ask you questions surrounding the identification of shareholders.

30 In your experience, how has the number of shareholder identification requests launched by issuers evolved since September 2020 (since the entry into application of SRD2 relevant implementing rules)?

Some increase

31 To what extent do you consider the following to be barriers to identification of shareholders (i.e. the implementation and application of Article 3a SRD2) in your country?

- a The transposing national law is not appropriate to ensure compliance with Art 3a: incorrect wording, incomplete transposition?
Don't know/Not relevant (1 - 5)
- b Existing national laws or administrative requirements hinder the application of Art 3a (such as paper-based support or powers of attorney)
Don't know/Not relevant (1 - 5)
- c The fees levied by financial intermediaries for the identification of shareholders in cross-border contexts (i.e. where the shareholder or listed company is in another Member State) are too high
Don't know/Not relevant (1 - 5)
- d

The lack of transparency about financial intermediaries' fees to identify shareholders in cross-border contexts (where the shareholder or listed company is in another Member State)

To a small extent (1 - 5)

e The non-adoption of common EU-wide market standards

Don't know/Not relevant (1 - 5)

f Partial or non-application of common EU market standards in some Member States

To a small extent (1 - 5)

g The lack of adequate technology available to market participants

Not at all (1 - 5)

h Long/complex chains of intermediaries (investment or custody chains)

Not at all (1 - 5)

i The reliance on omnibus accounts in cross-border chains of intermediaries.

Not at all (1 - 5)

j The lack of an EU-wide definition of shareholders (i.e. who is entitled to exercise the rights attaching to shares)

Not at all (1 - 5)

k The lack of a harmonised record date

Don't know/Not relevant (1 - 5)

l Non-compliance with (or too long) deadlines for intermediaries in the chain

Don't know/Not relevant (1 - 5)

32 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"Regarding omnibus accounts in cross-border chains of intermediaries, there is no issue. The issue comes from nominee accounts structure which is totally different from omnibus structures. Intermediaries under an omnibus structure will send the identification of their clients when intermediaries under a nominee structure will send their own name. Regarding the lack of common definition of shareholders, the issue concerns more non EU definition (third countries) and relates to any local definition based on nominee concept which is contrary to SRDs spirit. We highly suggest that authorities publish and maintain the list of the different definitions of shareholders in the different EEE states. Regarding the lack of a harmonised record date, the RD positioning in the case of identification of shareholders process is there to meet needs of the issuer. Regarding the fees levied by financial intermediaries for the identification of shareholders (i.e. where the shareholder or listed company is in another Member State), there is a global issue related to the role and duties of shareholders identification providers. SRDs do not define their role neither their duties. The business model of these actors is mainly grounded in charging the provision of datas and their analyse to issuers without taking in account the fact that datas are provided by intermediaries that face costs of extraction and have adapted their information system and organisation to multiple requests per year without having any benefit or interest in this activity. The economic logic is that these intermediaries charge shareholders identification providers in regards. When these identification providers accept to pay the fees charge by intermediaries there is no issue regarding the exchange of information and the process runs well. The issue comes from providers having a model based on picking intermediaries data for free. Local solutions exist with compensation scheme such as in France."

Definition of 'shareholder'

The identification, assignment to and exercise of shareholder rights depends strongly on who is defined as a 'shareholder' for such purposes. As per Article 2(b) of the SRD, this is left up to the Member States, meaning that the definition varies by country. Importantly, some Member States' legal systems recognise the beneficial owner of shares as the 'shareholder' whereas others recognise the legal owner as the shareholders. The next few questions ask about your experiences and views on the current approach, as well as on potential future changes.

33 Do you consider that more harmonisation in the definition of 'shareholder' is necessary?

Don't know

37 Please provide any additional detail to explain why you consider the current flexible approach to the definition of 'shareholder' appropriate or problematic.

"Harmonisation is not needed. When the Commission consulted on a possible definition in 2005, some respondents argued that a shareholder should be defined by reference to the entitlement to the share dividends and/or to the proceeds on the sale of shares. In contrast, others argued that it should be the last natural or legal person holding a securities account in the chain of intermediaries and who is not a securities intermediary (the "end investor"). While the "entitled person" definition may be preferred by investor representatives, identifying such a person is complex as it depends on the contractual relationships between the "end investor" and a number of third parties. While the benefits of having a harmonized definition of shareholder are significant, the implications of the main possible definitions on EU laws, national laws and market practices shall not be underestimated (e.g. in case of co-ownership of the shares, with a split between the bare owner and the usufructuary, questions may be raised regarding the determination of the owner of the voting rights and the dividend...) and would have to be thoroughly analyzed, as well as the impact on the investor assets protection rules. In our view, it is preferable not to opt for one definition more than another, and to let the national law of each State settle the

question of the determination of the shareholder. Accordingly, the mandatory disclosure by each Member State of the applicable national conditions to be regarded as a shareholder, including in a cross-border situation, may be a first step to limit the risk of issuers and intermediaries. For the records, a similar approach is provided by article 49.1 of CSDR, and already provides that the relevant company law provisions are identified by each Member State and reported to ESMA. Instead of a definition of shareholder, there is a need for clear and common rules that provide a basis both for the information and exercise of rights for CA and GM."

- 38 How do you think the SRD provisions on the definition of 'shareholder' should evolve in the future.
- a 1. Business as usual The definition of shareholder should remain completely up to the Member States
Yes (1 - 3)
"The current diversity does not put problem as far it does not refer to a nominee concept"
 - b 2. List of definitions The European Commission should publish and keep updated a list of each Member State's definition of 'shareholder'
Yes (1 - 3)
"There is no sight currently of definition per each country and potential differences or communality. This cartography is also a needed step before any move for a potential harmonization We are in favour of this option as it will give a view of the different definitions in EU. Furthermore it is a first step to have if there is an intention to review Identification of Shareholder. It will highlight commonality and divergence. It could help in the potential option 3 to be a ground for drafting guidance based on these definition in matters of identification of shareholder"
 - c 3. Discrete harmonisation While leaving it up to the Member States to formally define 'shareholder' in company law, the concept would be defined in a harmonised way for specific purposes associated with shareholder identification
Not sure (1 - 3)
"In that case, there is potentially no need to have an harmonized definition but to publish a European Market Practice or guidance to determine who is to be identified in a disclosure request procedure. However this could introduce divergence with the reality of vote during a GM If the definition differs from the shareholder definition at local level."
 - d 4. – Full harmonisation 'Shareholder' would be defined throughout the EU as the beneficial owner of shares
No (1 - 3)
"The concept of Beneficial Owner is not the concept of continental legal frameworks. It shows there is a clear need to have a clear cartography (cf 2) before any action or intention to harmonise definition."

Transmission of information

In Chapter 1a, the SRD2 introduced several provisions addressing shareholder identification (Article 3a), the transmission of information in the investment chain (Article 3b), the exercise of shareholder rights (Article 3c) and costs imposed on shareholders (Article 3d). These are supported by provisions in the Implementing Regulation of the SRD2. This part of the survey asks about these aspects, both in terms of your views and experiences of the rules in force, and potential future changes.

- 39 Do you agree or disagree with the following statements on interactions in the investment chain related to key provisions of the SRD2?
- a Issuers are able to identify their shareholders when needed
Strongly agree (1 - 6)
 - b Information flows in the investment chain are smooth and efficient
Tend to agree (1 - 6)
 - c The content, format and timing of information provided to shareholders ahead of general meetings is in line with SRD2 requirements
Neither agree nor disagree (1 - 6)
 - d The content, format and timing of information provided to shareholders on corporate events other than general meetings is in line with SRD2 requirements
Strongly agree (1 - 6)
 - e Shareholders have the opportunity to participate in general meetings where they have the right to do so
Don't know (1 - 6)
 - f Shareholders have the opportunity to vote at general meetings where they have the right to do so
Tend to agree (1 - 6)
 - g Costs charged by intermediaries for shareholders to obtain information and exercise their rights are communicated transparently
Tend to agree (1 - 6)
 - h Costs charged by intermediaries for shareholders to obtain information and exercise their rights are proportionate to the costs incurred for delivering the service
Tend to agree (1 - 6)

- i Costs charged by intermediaries for shareholders to obtain information and exercise their rights are non-discriminatory (between domestic and foreign shareholders)

Neither agree nor disagree (1 - 6)

Information exchanges related to general meetings

40 When it comes to general meetings, do you find that the information provided by issuers on the following items is complete?

- a Date and time of the general meeting

Mostly (1 - 6)

- b Type of general meeting

Mostly (1 - 6)

- c Location of the general meeting

Mostly (1 - 6)

- d The record date- (the cut-off date used to determine which shareholders are entitled to a corporate dividend)

Mostly (1 - 6)

- e How to participate (on-line, in person, via a proxy, via correspondence attendance)

Mostly (1 - 6)

- f Where to find the required forms (for proxy voting, for voting by correspondence etc.)

Mostly (1 - 6)

- g Where to find information on a website / a url

Mostly (1 - 6)

- h How to vote (if not in person at the meeting)

Mostly (1 - 6)

- i The deadline for voting remotely

Mostly (1 - 6)

- j How to add items to the agenda

Mostly (1 - 6)

- k Issuer deadline for modifying participation

Mostly (1 - 6)

41 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"Regarding "information on where to find information on a website / a url", there are cases where the address is a general address but not the address dedicated to the GM."

42 Is the information on general meetings (e.g. meeting notices) and other corporate events between listed companies and shareholders provided on time, particularly in cross-border contexts? The implementing Regulation requires under Article 9(3) that the last intermediary transmit to the shareholder the information about the corporate event/general meeting without delay and no later than by the close of the same business day as it received the information (or if received after 16.00 during its business day, no later than by 10.00 of the next business day.)

- a Domestic

Always (1 - 6)

- b Cross border

Often (1 - 6)

44 Have you encountered any issues due to having to pay fees for transmission of information between listed companies and shareholders, particularly in cross-border contexts?

- a Domestic

Never (1 - 6)

- b Cross border

- 46 Regarding the transmission of information specific to corporate events other than general meetings (i.e. distribution of profit, reorganisation of the issuer shares etc.), do shareholders receive all the information they need to exercise their rights and participate to the events?
- a Domestic
Often (1 - 6)
- b Cross border
Often (1 - 6)

- 47 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:
"The provision behind these answers is that the issuer respect the minimum requirements of the CAJWG standards in terms of delay of announcement."

Cross-border investment

- 48 A specific goal of the SRD2 is to facilitate cross-border investment, i.e. to make it easier for investors based in one Member State to hold shares in companies based in another Member State. In that context, do you agree or disagree with the following statements?
- a Investing and exercising shareholder rights is just as easy cross-border in the EU as it is domestically
Tend to disagree (1 - 7)
- b Investing and the exercise of shareholder rights specifically for retail investors is just as easy cross-border in the EU as it is domestically
Strongly disagree (1 - 7)
- c Investing and exercising shareholder rights in the EU is just as easy for third Country (non-EU) investors as it is for EU investors
Don't know (1 - 7)
- 49 In your view, to what extent do the following issues act as barriers to cross-border investment in the EU?
- a The lack of a harmonised definition of 'shareholder'
Don't know (1 - 5)
- b Divergent rules (legislation) across Member States in terms of interactions in the investment chain (e.g. requirements for paper documents, power of attorney documents etc.)
To a large extent (1 - 5)
- c Divergent practices and market standards in terms of interactions in the investment chain
To a limited extent (1 - 5)
- d Different thresholds for the right of issuers to request the identify of shareholders
Not at all (1 - 5)
- e The use of different formats and standards, particularly concerning digital solutions
Not at all (1 - 5)
- f Higher charges / fees for shareholders to obtain information and exercise their rights in a cross-border context
To a limited extent (1 - 5)
- g Difficulties for shareholders to obtain information and exercise their rights digitally / online in a cross-border context
To a limited extent (1 - 5)
- h Long and complex intermediary chains
Don't know (1 - 5)
- i Issues un-related to the SRD and SRD2 (e.g. lacking knowledge about foreign firms)
Don't know (1 - 5)

- 50 Please provide any further views on investment and the exercise of rights cross-border, and how this has been affected by the SRD and SRD2.

"The lack of a harmonised definition of 'shareholder' is not really a concern inside EU. The concern is a different view from third countries that should accept EU approach for EU securities. Divergent rules (legislation) across Member States in terms of interactions in the investment chain (e.g. requirements for paper documents, power of attorney documents etc.) is a real concern to access to countries where it is requested. There have been : - improvements on information exchange in the GM domain (systematic information of investor) and partial improvement on Corporate Actions (electronic tools for clients when they did not have). - huge investments have been made by intermediaries on GM for retail offer to implement secured tools of information and voting with poor effect in terms of participation of shareholders - in some cases, the improvement of identification processes permit to promote shareholders engagement."

Digitalisation of the investment chain

51 Do you consider that there is a need to increase the use of digital solutions to improve how information is communicated across the custody chain (e.g. block chain, API, mobile applications)?

No

52 Considering the intermediaries with which you operate (or if a supervisory authority - come into contact with), what percentage do you estimate have fully adopted the ISO 20022 messaging standards to comply with the regulatory requirements (SRD2; Implementing Regulation)? Please give an estimate in percentage in the box below. Please ignore if you are unable to answer.

Estimation in percentage (%): Depend on domain of business, large majority on GM in Europe and for identification of shareholders, nobody on CA processing because ISO15022 format meets the requirements of SRD2

53 Do you think that the only way to comply with the requirements of the SRD2 and the Implementing Regulation relating to the transmission of information is the adoption of ISO 20022 by market participants?

No, there are other ways to comply (please explain)

54 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"ISO 20022 adoption needs depends on the domain : It is fully needed for Identification of shareholders and GM process. It is not needed for CA process where large investment has been done on ISO15022 for a while in very efficient way."

55 Would you support the introduction of a legal obligation to adopt the ISO 20022 messaging standards in the context of the transmission of information between intermediaries?

No

56 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"ISO 20022 is needed for certain domains like GM and Identification for shareholders processes but not for CA processing where 15022 is efficient and permits to totally comply with SRD2 provisions. Furthermore, a regulatory framework should be agnostic of the format used in order to avoid freeze of any evolution if a better format arrives. For instance, ISO15022 was considered to be the most regarding CA processing and still be efficient and relevant. However General Meeting processing showed the limits of ISO15022 in the domain of GM requesting for ISO20022 using. A regulation should then refer to a generic wording. A guidance could then specify what is the most appropriate standards, but this guidance shall be maintained including stakeholders' views representative of the industry, in this case, the post trade industry."

Looking ahead - potential changes to the rules on interactions in the investment chain'

65 Overall, do you think that changes are needed to the EU-level legal provisions on interactions in the investment chain?

No changes are needed

66 Please express your view on whether and how the SRD provisions on interactions in the investment chain should evolve in the future.

a 1. Business as usual: The SRD2 provisions on interactions in the investment chain would remain unchanged

Yes (1 - 3)

SRD2 implementing acts are recent and have been implemented in a COVID environment at the beginning. There is a lack of time to see the effects of implementation

b 2. Clarifications and guidance While leaving the rules unchanged, the European Commission could publish additional information and guidance to improve awareness, compliance and the consistency of application of the rules

Yes (1 - 3)

For instance having a public document informing on the cartography of shareholders definition in EU and of Record Date positioning as it was supposed to be done by European Public Authorities

c 3. Minor refinements Harmonisation could be increased through refinements such as standardising the threshold for issuers to request the identify of shareholders and the documentation required to demonstrate entitlement to vote at a general meeting

Not sure (1 - 3)

This notion of threshold should be at the issuers decision level to meet its needs and not the result of a global standardisation.

- d 4. Harmonised, digital information flows To further facilitate interactions in the investment chain, reduce discrepancies between Member States and incentivise digitalisation, requirements could be standardised and the use of a common, interoperable standard mandated (e.g. ISO 20022)

Not sure (1 - 3)

ISO 20022 Not needed for certain domains such as CA

Facilitation of the exercise of voting rights (Article 3c)

- 67 In your country, is there a legal requirement or is it market practice to use paper documents with wet ink signatures in the communication between issuers and investors for the purpose of executing corporate events/participating to general meetings (i.e. proxy voting, choosing of options etc.)

- a Paper and wet signatures are:

Market practice (1 - 4)

- 68 Please specify for which types of cooperate events paper document/ wet signatures are required:

"Only in certain cases of GM processes : this is only the case for Vote By correspondence under paper form. This is not required via electronic exchange. The concept of electronic signature should be harmonized in Europe to have the same understanding. Simplification of electronic signature process as it exists in France for instance. No case foreseen in CA processes (machine readable exchanges)."

- 69 When you exercise the right to vote flowing from your shares do you receive electronic confirmation that your vote has been recorded and counted by the company?

Sometimes

- 70 Do you have any experience with services provided by online brokerage platforms ('neo-brokers')?

Don't know

- 72 If you answered yes to the previous question, do you consider that, in general, their services comply with the SRD2 requirements relating to the transmission of information and the facilitation of the exercise of shareholders rights (articles 3b and 3c SRD2)?

I don't know.

Non-discrimination, proportionality, and transparency of costs (article 3d)

In this section we ask about your experiences regarding non-discrimination, proportionality and transparency of costs when exercising shareholders' rights.

- 78 For services regarding interactions in the investment chain, the fees charged by intermediaries are...

- a Fully transparent in domestic situations

Strongly agree (1 - 6)

- b Fully transparency in cross-border situations

Neither agree nor disagree (1 - 6)

- c Non-discriminatory and proportionate in domestic situations

Strongly agree (1 - 6)

- d Non-discriminatory and proportionate in cross-border situations

Neither agree nor disagree (1 - 6)

- 79 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"Under a Cross border point of view, there is an issue regarding retail investor and GM. The cost of votes instruction is the same for every body whatever is the volume of votes. In case of institutional investor there is no issue due to the volume of votes when there is in the case of small votes instructions which is Fully transparency in cross-border situations : generally speaking there is a public disclosure or fees. However all intermediaries may not be in the position to offer services in all European Market. On Corporate Actions the situation is more established because of the seniority of the adaptation to European standards"

- 80 Following the entry into force of the SRD2 (Article 3d), have you taken steps to improve the transparency of the fees you charge for shareholder identification, the transmission of information and/or to the facilitation of the exercise shareholder rights?

Yes, for both national and cross-border services

- 81 Following the entry into force of the SRD2 (Article 3d), have you adjusted your fees to ensure that they are non-discriminatory and proportionate to the actual costs of providing services ?
- a Shareholder identification (domestic)
Yes (1 - 3)
 - b Shareholder identification (cross-border)
Yes (1 - 3)
 - c Transmission of information (domestic)
Don't know/not applicable (1 - 3)
 - d Transmission of information (cross-border)
Don't know/not applicable (1 - 3)
 - e Exercise of shareholder rights (domestic)
Yes (1 - 3)
 - f Exercise of shareholder rights (cross-border)
Yes (1 - 3)

82 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:
"Transparency and proportionality were already in place before SRD2. However, having in mind that certain services became compulsory (GM for instance) the fees have been publicly disclosed and finetuned accordingly to ensure transparency and proportionality. It is to be noted that proportionality and transparency do not mean low-cost access in a cross border perspective where they can be local complexity to access certain countries."

- 83 Is there a significant difference between the fees levied for domestic services in comparison with cross-border services?
Yes, there is a significant difference for some services
Yes, there is a significant difference in the case of certain countries.

84 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:
"There is a specificity regarding general meetings services where the obligation to individualised votes instruction leads to have the same cost for instructions for a large number of shares than for few of them. Furthermore, certain countries impose complex formalities (reregistration before record date, paper based justification of identity or empowerment...) that increase cost. For instance, the scale of cost may vary from 1 to 7 if not more from cheaper countries to more expansive ones due to the cost of these formalities"

- 85 If 'yes', can you explain how the fees / charges differ for cross-border investors, and why this is the case?
"Please refer to question 84 The main domain of differences between domestic and cross borders is general meeting processes. Some countries impose complex formalities (reregistration before record date, paper-based justification of identity or empowerment, physical attendance via a local representative...) that increase cost. For instance, the scale of cost may vary from 1 to 7 if not more from cheaper countries to more expansive ones due to the cost of these formalities"

Third-country (non-EU) intermediaries (Article 3e)

In this section we ask you to provide some inputs regarding the appropriateness of the material scope of the SRDs in particular concerning third-country intermediaries (non-EU intermediaries which have neither their registered office nor their head office in the EU but provide services with respect to shares of EU companies listed in the EU)

- 86 Do you consider that the scope of application of SRD2 regarding third country intermediaries is appropriate with regard to:
- a Identification of shareholders
To a large extent (1 - 5)
 - b Transmission of information
To a large extent (1 - 5)
 - c Facilitation of shareholder rights
To a large extent (1 - 5)
 - d Transparency of costs
To a large extent (1 - 5)

87 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:
"The issue regarding third countries intermediaries is not a problem of scope of application but : -The fact some of them refuse to consider themselves in scope as far as they operate European securities being in scope. -The interpretation made by intermediaries of third countries on certain concepts (such as shareholder definition) refusing the European definition and opposing their own ones. The limitation of the scope to European listed shares only and not bonds may be matter of misunderstanding. Furthermore, the definition of shareholder (even if the shareholder is defined by the law applicable to the issuer) can vary considerably in third countries having a nominee concept. This leads to difficulties to receive the real beneficial owner in voting instructions on General Meetings and same kind of concern may occur on identification of shareholders' process."

88 When third-country intermediaries are involved in the chain between participants registered in your MS, are any of the following issues more likely to arise as compared to involving only EU intermediaries?

- a Complications/delays/obstacles regarding the identification of shareholders by listed companies
Don't know (1 - 6)
- b Delays in the transmission of information
Don't know (1 - 6)
- c Non-complete information transmitted
Don't know (1 - 6)
- d Incorrect information transmitted
Don't know (1 - 6)
- e Non-transparent/ disproportionate fees levied
Don't know (1 - 6)
- f Other, please specify
Don't know (1 - 6)

89 Overall, do you consider that the inclusion of third-country intermediaries in the scope of the SRD2 obligations (related to shareholder identification, the transmission of information, the facilitation of exercise of shareholder rights and costs) has reduced the amount of interruptions in the flow of information across the chains of intermediaries?

Yes, to some extent

91 To what extent do you view the following as main barriers to third-country intermediaries' compliance with their obligations regarding the exercise of shareholder rights (identification of shareholders, transmission of information, facilitation of the exercise of shareholder rights, costs)?

- a Jurisdictional issues/conflicting national provisions/difficulty in establishing cross-border competence
To some extent (1 - 5)
- b Lack of supervision (checks)/enforcement
To a small extent (1 - 5)
- c High costs required to comply with the SRD2 obligations
Don't know (1 - 5)
- d Conflicting market standards at international level
To a small extent (1 - 5)

92 Do you consider that intermediaries from non-EU countries operating in your MS are adequately supervised to ensure compliance with their obligations under SRD2 Chap 1a?

Don't know

93 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:

"Difficult to answer as SRD2 does not cover this aspect."

Enforcement and sanctions

In this section we ask about the enforcement of the SRD's in practice, and in particular whether the supervision and sanctions in place at national level ensure that market actors comply with their SRD obligations.

109 Is there any legal ambiguity regarding the authority in charge of supervising compliance of actors with their obligations under the SRDs?

No

110 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:
"According to us, local national authorities oversee this supervision. Being locally done, the supervision could differ from one side to the other of Europe."

111 Are you aware of any sanctions imposed by the authorities as a result of an infringement of the SRD provisions?
Don't know

113 Do you consider that the sanctions/penalties applied by the authority(ies) are sufficiently dissuasive to ensure compliance with the SRDs?
Don't know

115 Do redress and/or compensation mechanisms exist for investors who suffer damage as a result of an infringement to the SRDs? If so, please indicate if you consider they are effective and used in practice.
Don't know

117 How effective has cross-border monitoring and enforcement of SRD cross-border provisions been?
Some effectiveness

118 If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:
"Cross border monitoring is closely done on CA processing for a while (via European MIG in the past and now via AMISECO CEG) and Shareholders Identification notably (via the AMISECO CEG), there is no European supervision on GM process. It is totally effective on CA and Shareholders Identification processing, totally ineffective on GM processing under a global and cross border view."

Closing questions and additional remarks

122 Would you like to make any other comments or observations regarding the SRD1, SRD2, Implementing Regulation or other aspects of the regulation of shareholder rights in the EU?
"Regarding Record Date, article 15 of SRD implies that each Member States shall transmit information about the position of RD toward GM days to the European Commission in order for the Commission to publish and maintain this information. Regarding voting process, if intermediaries shall put in place the tools to permit these electronic exchanges, there is no global obligation to issuer to propose and manage the electronic votes. There are limits of application to common practices because of local barriers imposed by different countries (physical attendance, specific formalities, added datas required etc) We question why there is so many consultations on SRD issues in so short piece of time. We consider that the implementing acts are recent taking in account a COVID period. There is also a lack of information regarding the level of implementation (no monitoring) on GM standards. When looking to harmonization of shareholders definition, it may have an impact on other piece of reglementation. For instance, when the ownership is recognized behind shareholder, the change of this definition will have consequences on the possibility given to shareholder to have back their shares hold in a bank account if this bank goes to bankruptcy when the ownership is garanted by the local law. This is the reason why a first step to have a cartography of shareholders that will permit to have a view on commonality and differences between countries. Regarding cost of implementation, they shall be considered globally including adaptation to European CA standards, GM standards and Identification of Shareholders leading to more than 50 000 men days of investment for the whole French Post Trade Industry with good effect in some cases (CA processing) and no effect or poor effects in some other cases (for instance no increase of participation to votes to GM)."

124 In the context of this study, may we contact you for a follow-up interview or additional questions regarding this Study?
Yes

125 If you have answered yes to the previous question, could you provide us with your contact details:
Name:: Pierre COLLADON
Email:: pierre.colladon@sgss.socgen.com

Thank you for completing the survey - Many thanks for your cooperation.