

T2S and Shareholder Transparency

T2S ADVISORY GROUP MEETING

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Issuers and Investors

Challenges for issuers and investors

- Effective **corporate governance implies**
 - understanding the needs of the diverse shareholders
 - having an ongoing **dialogue** with them
 - transparency and integrity of voting process at GMs
- **Regulatory and tax provisions** too require issuers to know shareholders

How to reach out?

- Issuer – shareholder “superposed” by account provider - account holder
- Bearer and registered nominees: only account provider knows account holder and has direct access to him through account relationship
- **For the issuer to reach the (end) shareholder, he needs to go via the chain of intermediaries, layer by layer.**

T2S: a solution or a barrier?

- Ideal: EU legal framework coupled with EU technical solution
- **THINK SMALL FIRST ?**
- Existing national disclosure regimes, not effective cross-border: market participants **STRUGGLE** with **foreign and diverse regimes**

- T2S a **BIG LEAP FORWARD** for harmonisation of markets
- Will T2S harmonise transparency & integrity or add to opacity?
- CSDs to make securities they “**issue**” “**available**” to other CSDs in T2S ...
- Issuers and Investors could be **final winners or final losers!**

T2S: a logic solution to the benefit of all

- Function of settlement **key** for shareholder transparency:
 - Share register follows settlement
 - Entitlement (record date) based on settled positions
- T2S covers all relevant markets and participants
- Get maximum out of foreseen T2S functionalities by communicating data that are **already available** in T2S
- Issuers to (re)gain access to data on his securities/owners
- Investors to see improved exercise of their rights
- Participants to benefit from **reduced risks, complexity, costs, ...**

Going forward

- AG mandate “ensure that T2S fully meets needs of market.”
- Submission of 1 Dec by Issuers and Agents to help therewith
- We confirm continued availability to
 - contribute to harmonisation
 - co-operate with T2S; subgroup Shareholder Transparency
 - discuss proposals for technical solutions and ensure they address all parties’ needs and concerns
- Issuers and Agents wish to move forward. How do YOU see next steps?

QUESTIONS?

Appendix :Proposal for Routing of holding data via T2S

- 1. T2S provision of top level participant account balances to Issuers**
 - Issuers to receive **transaction** data on a **real time** basis, or, if opt-out, **holding balances** of all Issuer and Investor CSD participants on an **end of day basis**
- 2. On-demand disclosure of underlying holder data, routed through T2S as messaging hub**
 - Issuers to send message to **selected participants** requiring provision of **underlying account holder** information, possibly continued until disclosure of **beneficial holder**
 - Data in agreed **standard messaging format** within an **agreed timeframe** e.g. 2 business days
 - Could be broadened to ALL participants and automatically triggered on Record Date for GMs, optional for other CAs, etc