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**Subject: Joint trade association letter on the impact of COVID-19 on the further
implementation of the Shareholder Rights Directive II**

Dear Madams, Dear Sirs,

Thank you for your joint letter of 9 April 2020 in which you reassured the Commission of your dedication to implement the new rules of the Shareholder Rights Directive and the related Commission Implementing Regulation.

I note that in the same letter you also asked for a possible postponement of the implementation date by one year. This matter falls within the competence of the Commission's Directorate-General for Justice and Consumers and your letter has been forwarded to me for a reply.

In your letter, you explain that your request is due to the disruptions caused by the COVID-19 pandemic to the operation of your organisations, which required re-directing IT and technical staff to ensure business continuity amidst the lockdown measures. You also explain that this may prevent testing the newly developed market standards and messaging protocols properly, which would be particularly worrisome if they would start to be applied in a period when numerous companies may hold their annual general meetings postponed from the spring.

I understand the difficulties and challenges caused by the sanitary emergency. The COVID-19 pandemic has unexpectedly required both public and private sector actors to dedicate additional staff and resources to ensuring a swift adjustment to the new circumstances. However, the Directive was published almost three years ago and the minimum requirements set out in the Commission Implementing Regulation has also been known for more than 1.5 years. This should have allowed sufficient time to adapt existing practices and procedures to the new rules.

I am sure you also agree on the importance of a swift application of the new rules in particular in these challenging times. The new European regulatory framework aims at improving the communication between companies and their shareholders and the transmission of information through the chains of intermediaries, including by straight-through processing, in order to facilitate the exercise of shareholder rights, in particular the participation and voting by shareholders at general meetings. Amid the current lockdown measures as well as in the near future, meeting such objectives is particularly important as shareholders are often able to participate and vote in general meetings only remotely.

Furthermore, the new rules aim at encouraging long-term engagement of shareholders with the companies. For that, they should be able to exercise their rights in an effective manner and across the borders.

In your letter, you also referred to delays in the transposition of the Directive by Member States, which makes it difficult to adjust market practices and procedures to the national specificities, in particular to national options allowed by the Directive. However, information available to us suggests that the overwhelming majority of the Member States already adopted their national transposition measures.

I am confident that your associations and member organisations will continue working on the standardisation and the IT solutions with their best endeavours in these challenging times, which will allow all intermediaries and listed companies to comply with the new EU rules as from 3 September 2020 synchronously throughout the EU and the EEA.

Yours sincerely,

Salla SAASTAMOINEN
(e-signed)

c.c.: Verena ROSS, Executive Director of ESMA,
Carmine DI NOIA, Chair of the ESMA Post Trading Standing Committee

