

Press Release**Brussels, Belgium – 05th December 2022**

EuropeanIssuers answers to ESMA's Call for Evidence on the implementation of SRD2 provisions on proxy advisors and the investment chain

In its response to ESMA's Call for Evidence on the implementation of the Shareholders Rights Directive 2 (SRD2), EuropeanIssuers highlighted several issues to the effectiveness of the SRD2 provisions on the identification of shareholders, transmission of information and facilitation of the exercise of shareholder rights, as well as on transparency of proxy advisors.

SRD2 sets out a common regulatory framework with regard to the minimum standards for the exercise of shareholder rights in EU listed companies. Following the implementation, EuropeanIssuers noticed the improvement of Shareholders identification. However, barriers to the identification of shareholders such as the threshold and the costs remain.

With regards to the definition of shareholder, harmonisation is not necessary. However, specifying the notion of end-investor on which the Directive is based would be helpful which would ensure that, no matter how investors hold their shares, the information will be passed down and up the holding chain, and would also clarify who should be regarded as shareholder.

Florence Bindelle, Secretary General mentioned: "To promote direct dialogue between issuers and end-investor, the notion of end-investor, which is implicit, could be specified by indicating that it relates to "the person having invested his own money into shares and holding them for his own account".

EuropeanIssuers also advocated for the shareholder identification threshold to be set-up by the issuers and not the Member States.

Whilst EuropeanIssuers welcomes the improvements of the transmission of information along the chain of intermediaries since the implementation of SRD2, there are still cases in which the transmission is blocked in the holding chain. SRD2 review should accordingly promote that the title on registered shareholders should be evidenced by entering the name of the end-investor in the company's register, and should not be replaced, once shareholder rights have been exercised, by the nominee's name.

EuropeanIssuers also included in its position the need for more transparency and proportionality regarding the costs and fees from the intermediaries, especially in the context of cross-border services.

Concerning the transmission of information, the harmonisation should be extended to national procedures under which shareholders communicate with issuers and ensuring stricter adherence to the obligation for intermediary to pass on the information down to the end-investor.

On proxy advisors, EuropeanIssuers highlighted the remaining issues regarding the errors or even misleading information appearing in the voting reports and for the need of having the possibility to correct erroneous data. Furthermore, with regards to the disclosing of general voting policies and methodologies, proxy advisors should better explain to the investors in their reports how they consider local and legal regulatory conditions in their voting recommendations, and how the same subject may lead to diverging recommendations on both sides of the Atlantic.

With regards to the communication with issuers, proxy advisors have room for improvement. Assuring better transparency from the proxy advisors, sufficient time to issuers to comment the draft report recommendations and allow issuers to comment directly on the draft report to guarantee the report's objectivity.

Finally, EuropeanIssuers asks for the proxy advisors to inform their clients individually about any actual or potential conflicts of interests.

For EuropeanIssuers' response to the ESMA's Call for Evidence on the implementation of SRD2 provisions on proxy advisors and the investment chain, please click [here](#).

NOTES TO EDITORS

About EuropeanIssuers

EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU institutions. Our members include both national associations and companies from all sectors in 15 European countries, covering markets worth €7.6 trillion market capitalisation with approximately 8,000 companies. We aim to ensure that EU policy creates an environment in which companies of all sizes—from emerging growth companies to the large blue chip companies—can easily raise capital through the public

markets and deliver growth over the longer term. Published in 2019, [EuropeanIssuers Vision](#) presents key priorities and policy recommendations in a number of areas to support the EU policy makers during their mandate. More information on our positions can be found at www.europeanissuers.eu or on EuropeanIssuers [LinkedIn](#) and [Twitter](#) page.

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