



# ECSDA Conference – SRD II

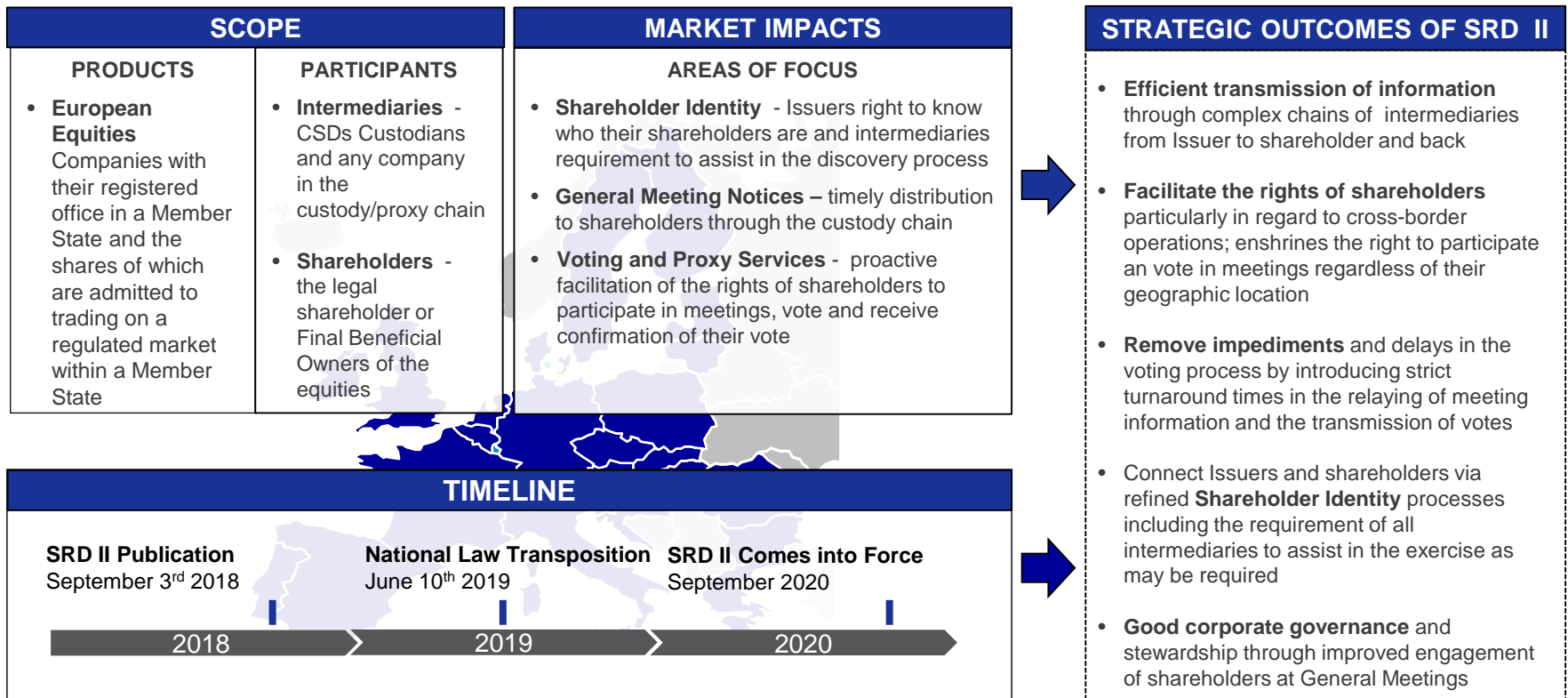
Brussels  
20<sup>th</sup> November 2019



# SRD II – The Implementing Regulations

## Shareholder Rights Directive II

Shareholder Rights Directive II – lays down the minimum requirements as regards shareholder identification, the transmission of information and the rights of shareholders. The directive aims to improve the dialogue and long-term engagement of Shareholders with Issuers to stimulate good corporate governance and company stewardship thereby combating a key market failing identified by the EU Commission as an agent of the last financial crisis.





# SRD II – Impacts & Opportunities

SRD II is a significant change in the custody, asset servicing and proxy space and is driving new opportunities for efficiency and standardisation

## Challenge

### Main impacts

The directive aims to improve the dialogue and long-term engagement between Shareholders and Issuers by setting minimum requirements regarding;

- Deadlines; aggressive deadlines for client communication
- Technology; ISO20022
- Shareholder identification
- The voting process
- The transmission of information through the intermediary chain
- The engagement of shareholders at General Meetings
- SRD II comes into force in September 2020

## A new opportunity

### How can CSDs help address SRD II requirements?

Taking ownership on behalf of the Issuer for all aspects of the following:

- ‘Shareholder’ identification **and** response
  - *Single access point.*
- All Corporate Event announcements
  - *Golden Source*

This brings the following benefits:

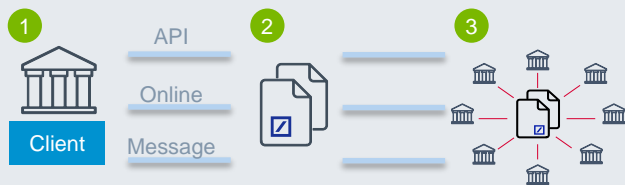
- Simpler – reduced manual effort and reconciliation challenges
- Faster – real-time responses and timely processing
- Smarter – accurate, transparent and controlled access to data

This can be achieved through existing contracts with Issuers

## Beneficial Owner (BO) Transparency; How does it work?

Distributed Ledger Technology is used to provide global beneficial ownership transparency, streamlining complex processes for all counterparts in the Custody Value chain, whilst protecting data on a need to know basis

### Creation & Usage of the Beneficial Owner ID



- 1 Client creates the BO ID via a channel of their choice
- 2 Client informs DB of the BO ID on transactions
- 3 DB capture BO ID positions in the distributed ledger



**Secure permitted network**  
with immutable interactions and  
robust access controls and data  
privacy



# SRD II – Industry Working Groups



Industry Steering Committee



General Meetings



Golden  
Operational  
Record



Messaging  
(SMPG)



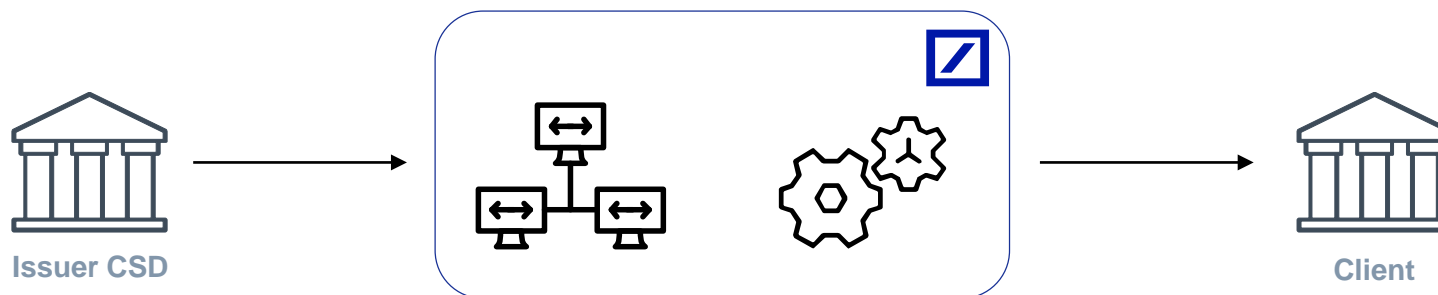
Shareholder  
Identification

# SRD II – Announcements



## Article 8 - Transmission of information specific to corporate events other than general meetings

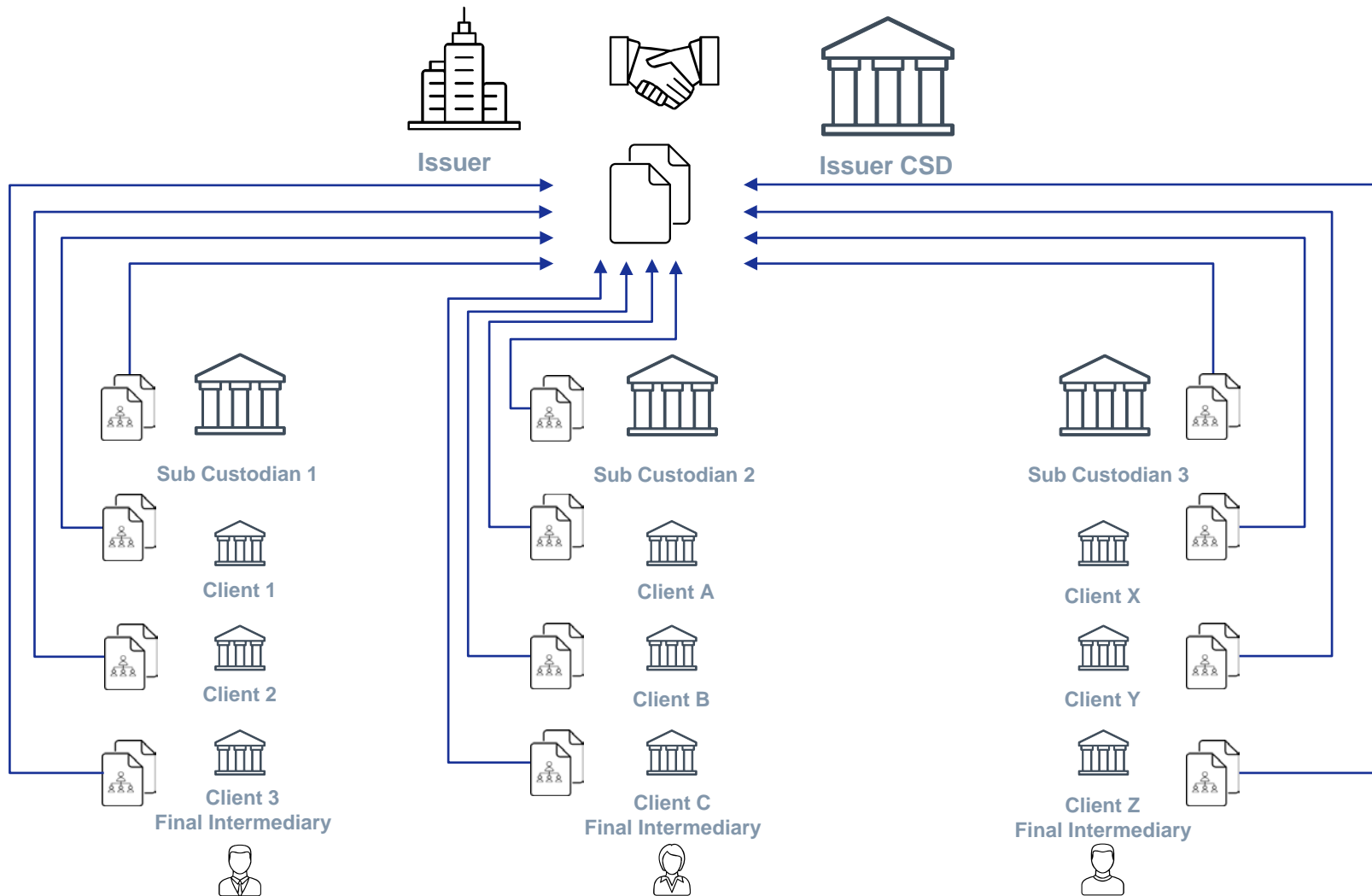
“1. The information to be provided by the issuer to the **first or other intermediaries**, as well as the notifications to be transmitted within the chain of intermediaries, shall comprise all key information regarding the corporate event other than a general meeting, which is necessary for the intermediary to complete its obligations under Directive 2007/36/EC toward the shareholder or for the shareholder to exercise shareholders rights.”



The directive aims to improve the STP to the end investor. As a result Intermediaries expect the Issuer CSDs to become the official Golden Source for all Corporate Events.

- Technology; ISO20022
  - Use of ISO20022 for General Meetings, Proxy Voting and Shareholder Identification
  - **Use of ISO15022 is not compatible with the Implementing Regulation.**
  - Continued use of ISO15022 for Corporate Actions / Income

# SRD II – Shareholder Identification Disclosure





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