

EC Consultation on the Shareholder Rights Directives

**The sets of questions shown in the present document correspond to the ones selected by ECSDA Members**

*As an association, we consider to be bringing higher value by focusing on the reasons and explanations in our response rather than reconciling the ratings provided by our individual members. Therefore, some tables below remain without an answer although we explain our views below.*

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

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.

**Q10. 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.**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	1	2	3	4	5	Don't know / no opinion
Promoting shareholder engagement (equal treatment of shareholders)						
To ensure investors can be better prepared for the GM						
To improve investors' ability to participate in the GM						
To enable investors to better exercise voting rights in the GM						

Increasing transparency vis-à-vis shareholders (shareholder identification)							
Facilitating the transmission of information across the investment chain							
Facilitating the exercise of shareholder rights							
Ensuring non-discrimination, proportionality and transparency of costs in services to facilitate the exercise of shareholder rights							
Creating an enabling environment for cross-border investment in the EU							
Creating an enabling environment for Third Country investment in the EU							
Creating a level playing field for third-country intermediaries							
Increasing transparency of proxy advisors							
Providing a framework for the digitalisation of interactions across the investment chain							

Other, please specify:

**Q11. 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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

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.

	1	2	3	4	5	Don't know / no opinion
Promoting shareholder engagement (equal treatment of shareholders)						
To ensure investors can be better prepared for the GM						
To improve investors' ability to participate in the GM						
To enable investors to better exercise voting rights in the GM						
Increasing transparency vis-à-vis shareholders (shareholder identification)						
Facilitating the transmission of information across the investment chain						
Facilitating the exercise of shareholder rights						
Ensuring non-discrimination, proportionality and transparency of costs in services to facilitate the exercise of shareholder rights						
Creating an enabling environment for cross-border investment in the EU						
Creating an enabling environment for Third Country investment in the EU						
Creating a level playing field for third-country intermediaries						
Increasing transparency of proxy advisors						
Providing a framework for the digitalisation of interactions across the investment chain						

Other, please specify:

**Q12. How consistent are the SRD1 and SRD2 with EU policies, requirements and regulations in related fields? Are there any, conflicts or tensions?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Fully consistent	Mostly consistent	Partly consistent	Not very consistent	Not consistent at all	Don't know / no opinion
The General Data Protection Regulation 'GDPR'						
CSDR						
Insolvency Directive						
Transparency Directive						
Regulation on a pilot regime for market infrastructures based on distributed ledger technology						
Markets in financial instruments directives and Regulation (MiFiD 1, 2 and MiFIR)						
The regulation on key information documents for packaged retail and insurance-based investment products (the PRIIPs Regulation)						

Other, please specify:

**Q13. If you see any significant inconsistencies between the SRD1 / SRD2 and other EU policies or priorities, please briefly explain them in the text box below.**

#### ECSDA response

*All CSDs agree with the fact that there are no inconsistencies in our fields of expertise between the SRD1/SRD2 and other EU policies or priorities. Specifically, we confirm that we have not noted any significant inconsistency between SRD and CSD regulation.*

**Q14. What do you consider to be the main achievement, improvement or positive impact of the SRD1 and SRD2 to date?**

#### ECSDA response

*Below we report a number of main achievements and/or positive impacts as a consequence of the introduction of SRD1 and SRD2 requirements reported by ECSDA Members.*

*ECSDA welcomes the SRD1/SRD2 as it facilitated dialogue between issuers and investors. With particular reference to the activity of CSDs and other entities in the holding chain, we point out that the major objective achieved has been the standardisation of flows in particular with reference to downstream flows from issuers to investors. In addition, through the SRD1/SRD2 standards facilitating cross-border activity as well as greater integration of the post-trading have been enabled.*

*Another relevant aspect is the increased responsibility of issuers in active communication with their shareholders.*

*Specifically referring to SRD1, the introduction of record dates across all EU countries is a key achievement, while with regard to SRD2 the introduction of an efficient Shareholder Identification process across the chain of intermediaries.*

*Among others we also note the following positive impacts :*

- Standardisation and harmonisation of the General Meeting and Shareholder Identification processes and messages. Impact less visible for other corporate events where the standardisation was already much higher.*
- Improved shareholders transparency for issuers which help them to better engage with their investors. The beneficial owner coverage as well as the quality of the information has clearly improved.*
- Cross-border flows have been facilitated even though some local specificities remain.*
- Transmission of information has been improved.*

**Q15. What do you consider to be the main challenge or disappointment with the SRD1 and SRD2 and/or its implementation to date?**

## ECSDA response

*Note: Although the elements and criticalities reported below have been passed on by ECSDA Members, this does not mean that the CSD community expects that all of them will be solved via specific related provisions or measures in the upcoming SRD III.*

*In our view, no critical issues are identified. However, we believe that there may be areas for improvement where further harmonisation and standardisation can be achieved through specific guidelines or clarification by policy makers.*

*We consider that clarifications about some specific elements would solve issues in some EU Member States, which relate to, for example, the lack of a harmonised definition of “shareholder”. The shareholder should be identified as the one that holds the voting right or the “economic right” at the end of the holding chain, but in some EU States, such as Ireland, the shareholder is considered to be the CSD which means that no shareholder identification request can be answered below the CSD level.*

*We would also invite the legislators to consider the following:*

- 1) Clarify the possibility given by Member States to extend the scope of SRDII eligible securities beyond listed shares via the transposition of the directive in their respective local law considering that SRDII is a minimum harmonization directive;*
- 2) Abolish the need to add any paper forms or proprietary messaging for evidence of entitlements and/or sharing voting instructions;*
- 3) Further strengthen compliance with market standards and use of ISO 20022 messages as we still see some divergence (should be done at Market association level and not by policy-makers or regulators);*
- 4) Encourage further harmonisation on mandatory thresholds.*

*Clarify the sequence and define the meaning of GM key dates similarly to what exists for corporate actions (this can be done via the Corporate Action Joint Working Group (CAJWG)). Currently, there are no standards for all key dates as the delay between record date and meeting announcement is left to national law. With regard to specific aspects tackled by SRD1/SRD2, we note the following:*

### *1. Shareholder Identification:*

*The implementation of the SRD has led to new challenges: in their national implementation, some Member States have extended the scope of assets beyond shares listed on a regulated market within the EEA. It is therefore an additional burden (contributing to the barriers in cross-border provision of post-trade services) for a first intermediary from another jurisdiction to check whether a disclosure request is valid or not. Another complexity for first intermediaries is the “authentication” that the requests originate from the issuer, as issuers appoint 3rd parties to transmit the information via the SWIFT network. The authentication process for an ISIN is a check that must be performed manually based on authorisation documents, signature checks and other documents. In case, the issuer doesn’t come from the home market of the first intermediary, the information and legal details are often provided in a foreign language or are not available. We also highlight the*

*need to further encourage intermediaries' participation as 5-10% do not respond and more than 20% respond after the deadline.*

## **2. Corporate Actions:**

*Even before SRD2, all bank customers received Corporate Actions messages and can execute their rights via the chain of custody. As cash and securities proceeds are processed on the cash/securities accounts, it is imperative that the issuer and their appointed agent also consider issuer-CSD/intermediary rules and dependencies to ensure the interoperability and security of the information transmitted to the intermediaries.*

*When transmitting information, the timeline of article 9 IR, which is not tailored to the requirements of national company law, create unnecessary additional efforts and avoidable costs.*

*Best example is the distribution of the information about a dividend payment. This info is often known several months before the meeting, where the dividend must be approved by investors to be paid out. Before SRD2 such information was distributed via SWIFT between intermediaries, but there was no requirement to inform retail investors. To inform the retail investor in any way (worst would be a letter) creates unnecessary costs and efforts. They can sell the shares before the meeting date and are not entitled. The meeting notice also contains information about the proposed dividend.*

*There is a limited benefit for (retail) investors to receive information about a mandatory action or partial information about an upcoming event several months before the Record-Date (see example made in the previous paragraph). A pre-requisite for an efficient shareholders rights execution is binding and fully reliable information from the issuer to the intermediaries.*

*Besides the fact that the costs and reimbursement processes in each jurisdiction are different, information like the invoice address of the issuer is not transmitted in a machine-readable format. The entire reimbursement process for intermediaries against the issuers is not automated.*

*The post-trade process at the intermediary level does not differ much between asset types or countries. SRD2 defined rules for a limited number of assets (tradable equities on a regulated market), resulting in a split process at all intermediaries for the same countries and between European and non-European assets.*

## **3. General Meetings:**

*The post-trade process at the intermediary level does not differ much between asset types or countries. SRD2 defined rules for a limited number of assets (tradable equities on a regulated market), resulting in a split process at all intermediaries for the same countries and between European and non-European assets.*

*There is no harmonised General Meeting process across Europe.*



**Q16. 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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Yes	No	Not sure	Reasons for preference and expected impacts (positive or negative)
Business as usual, meaning that shareholder rights should be regulated at EU level based on the two SRD Directives, and the Commissions Implementing Regulation				
Increased harmonisation, meaning that the framework should be enhanced by a Regulation whose provisions would be directly applicable in the Member States				
Other – please describe any other changes to the overarching regulatory framework for shareholder rights that you think are necessary				

**General meetings**

[...]

**Q23. 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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*



	To a large extent	To some extent	To a limited extent	Not at all	Don't know
Specific national requirements (in particular, requirements of Powers of Attorney to exercise voting rights)					
Market practices require paper-based supports to prove entitlement to vote (Powers of Attorney, wet ink signatures, etc.)					
The fees charged to vote or participate in meetings are disproportionately high					
The fees charged to vote or participate in meetings are non-transparent					
There are problems with the transmission of information when shareholders try to exercise their rights (delays or incomplete information)					
The length and complexity of chains of intermediaries (custody or investment chains) makes it difficult					
No harmonised definition of shareholder (i.e. who is entitled to exercise the rights attached to shares) at EU level					
Market actors have not adopted market standards (such as ISO 20022), which reduces shareholder engagement					
Shareholders or their representatives are unable to participate on-line in general meetings					
Lack of harmonisation of the evidence of entitlement needed to exercise shareholder rights across the Member States					
Lack of harmonisation of the record date across Member States					
The confirmation of the entitlement and the reconciliation obligation					
The sequence of dates and deadlines					
The communication between issuers and central securities depositories (CSDs) as regards timing, content and format					

Other, please specify

**Q24. If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:**

*ECSDA response*

*The required paper-based supports and the non-use of electronic signatures are barriers to standardisation processes and result in unnecessary administrative costs, in particular in some markets and therefore further harmonisation is required in this regard.*

*Nevertheless, we believe that the main barriers to operation and management have been resolved through the adoption and implementation of SRD1/SRD2 and the common standards. Further scope for harmonisation of company law should cover only minimal aspects that can provide clarity to the system, such as the harmonisation of the record date or the evidence of entitlement.*

**Identification of shareholders**

---

[...]

**Q31. 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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	To a large extent	To some extent	To a limited extent	Not at all	Don't know
The transposing national law is not appropriate to ensure compliance with Art 3a: incorrect wording, incomplete transposition?					
Existing national laws or administrative requirements hinder the application of Art 3a (such as paper-based support or powers of attorney)					
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					
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)					
The non-adoption of common EU-wide market standards					
Partial or non-application of common EU market standards in some Member States					
The lack of adequate technology available to market participants					
Long/complex chains of intermediaries (investment or custody chains)					
The reliance on omnibus accounts in cross-border chains of intermediaries.					
The lack of an EU-wide definition of shareholders (i.e. who is entitled to exercise the rights attaching to shares)					
The lack of a harmonised record date					
Non-compliance with (or too long) deadlines for intermediaries in the chain					

**Q32. If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:**

*ECSDA response*

*We believe that the main barriers arise from the lack of clarity or harmonisation on key elements (ex: shareholders definition) at the domestic legislation level, besides the definition of thresholds.*

### 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.

**Q39. Do you agree or disagree with the following statements on interactions in the investment chain related to key provisions of the SRD2?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Tend to disagree	Don't know
Issuers are able to identify their shareholders when needed						
Information flows in the investment chain are smooth and efficient						
The content, format and timing of information provided to shareholders <u>ahead of</u> general meetings is in line with SRD2 requirements						
The content, format and timing of information provided to shareholders on corporate events other than general meetings is in line with SRD2 requirements						
Shareholders have the opportunity to participate in general meetings where they have the right to do so						
Shareholders have the opportunity to <u>vote</u> at general meetings where they have the right to do so						
Costs charged by intermediaries for shareholders to obtain information and exercise their rights are communicated transparently						

Costs charged by intermediaries for shareholders to obtain information and exercise their rights are proportionate to the costs incurred for delivering the service						
Costs charged by intermediaries for shareholders to obtain information and exercise their rights are non-discriminatory (between domestic and foreign shareholders)						

**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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Always	Mostly	Sometimes	Rarely	Never	Don't know
Date and time of the general meeting						
Type of general meeting						
The record date- (the cut-off date used to determine which shareholders are entitled to a corporate dividend)						
How to participate (on-line, in person, via a proxy, via correspondence attendance)						
Where to find the required forms (for proxy voting, for voting by correspondence etc.)						

Where to find information on a website / a url						
How to vote (if not in person at the meeting)						
The deadline for voting remotely						
How to add items to the agenda						
Issuer deadline for modifying participation						

**Q41. If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:**

*ECSDA response*

*We deem it necessary to highlight the need to further guidance and clarifications on how to retrieve information in particular with regard to general meetings that would allow shareholder to join and also would allow issuers to identify shareholders and manage corporate events.*

**Q42. 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. )**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	<i>Always</i>	<i>Mostly</i>	<i>Sometimes</i>	<i>Rarely</i>	<i>Never</i>	<i>Don't know</i>
Domestic						
Cross border						

**Q43. If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:**

*ECSDA response*

*Operation and timing of information transmission are generally provided on time. Delays may occur due to technical reasons, but to the extent of regular operation.*

**Q44. 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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Always	Mostly	Sometimes	Rarely	Never	Don't know
Domestic						
Cross border						

**Q45. Please specify here, if relevant, which types of issue you have encountered, particularly as regards costs**

*ECSDA response*

*ECSDA Members deem it relevant to highlight the issues identified below, and also would like to make the link to our previous answer to question 15.*

*Besides what listed under Q15, we kindly invite you to consider the below:*

- *Sometimes, we receive fees related to the transmissions of shareholder information data in a cross border context,*
- *It creates several concerns at the level of the issuers for different reasons.*
  - *They cannot anticipate for the simple reason that they do not know in advance who are the intermediaries who will respond. It creates an uncertainty which is detrimental to the benefit which can be delivered thanks to SRDII.*
  - *They very often do not have any sort of relation with foreign entities.*
  - *The invoice process is fully manual (paper invoice) which goes against the objective of automation and electronic message.*

*Some intermediaries in the custody chain outside the issuer's home market have charged issuers for*



sending notifications to their clients. For the issuer, it is impossible to verify whether the request is valid or not since the issuer doesn't recognise all intermediaries between the company and the beneficial shareholder.

**Q46. 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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Always	Mostly	Sometimes	Rarely	Never	Don't know
Domestic						
Cross border						

**Q47. 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 investment

**Q48. 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?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know	Not applicable
Investing and exercising shareholder rights is just as easy cross-border in							

the EU as it is domestically							
Investing and the exercise of shareholder rights specifically for retail investors is just as easy cross-border in the EU as it is domestically							
Investing and exercising shareholder rights in the EU is just as easy for third Country (non-EU) investors as it is for EU investors							

**Q49. In your view, to what extent do the following issues act as barriers to cross-border investment in the EU?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	To a large extent	To some extent	To a limited extent	Not at all	Don't know
The lack of a harmonised definition of 'shareholder'					
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.)					

Divergent practices and market standards in terms of interactions in the investment chain					
Different thresholds for the right of issuers to request the identify of shareholders					
The use of different formats and standards, particularly concerning digital solutions					
Higher charges / fees for shareholders to obtain information and exercise their rights in a cross- border context					
Difficulties for shareholders to obtain information and exercise their rights digitally / online in a cross-border context					
Long and complex intermediary chains					
Issues un-related to the SRD and SRD2 (e.g. lacking knowledge about foreign firms)					

Other, please specify:

**Q50. 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.**

**ECSDA response**

*We believe that SRD1/SRD2 jointly with the industry's further effort in reviewing and implementing standards for corporate event management (in particular, shareholders identification and general meetings) has resulted in a comprehensive and effective technical operational framework. However, difficulties still remain due to different interpretative practices of rules and standards and due to the lack of understanding of the specificities of certain markets, such as the following:*

- *Non-harmonised 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 for access to countries where it is requested.*

- *Need for further harmonisation of mandatory thresholds as it limits the possibility to offer transparency.*
- *Need to clarify the possibility given by member states to extend the scope of SRDII-eligible securities beyond listed shares via the transposition of the directive in their respective local law considering that SRDII is a minimum harmonization directive.*
- *We can ultimately get the full benefit of SRDII if the format and the standard are harmonised.*

## 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)?

Yes, to a large extent

Yes, to a small extent

Don't know

Yes, to some extent

No

Q52. 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(%):

### Additional options (question 52)

Order responses: alphabetically

- *Shareholder Identification: 80% to 100% as the original messages have only been developed in 20022 format.*
- *Corporate Actions: 0% to 20% as fully operated with ISO 15022, however we expect this percentage to increase after the implementation of the SCoRE Standards (in Nov. 2024 and Wave 2 currently planned for 2025).*
- *General Meetings: 5% to 20%, mostly external service providers that have adopted ISO 20022. However, issuers and their agents have not adopted ISO 20022, so the benefits of this format are limited.*

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?

### ECSDA remark

As ECSDA Members reported both of the highlighted responses below.

Yes, the adoption of ISO 020022 is the only way to comply

Don't know

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

**Q54. If you wish to make any comments explaining your views, or refer to evidence in response to the above question, please do so here:**

### ECSDA response

*A harmonised and standardised way of sending information is a must for an efficient and accurate exchange of information. However, the SRD2 and its Implementing Regulation do not mandate the adoption of a specific ISO standard for the transmission of information.*

*In fact, the industry uses other standards (such as ISO 15022), which are machine-readable and therefore comply with EU legislative requirements. In our view, ISO 20022 adoption is instrumental for the Identification of shareholders and General Meeting processes. For other corporate events, other machine-readable formats are until now largely used by the market stakeholders and hence there is less urgency to move to ISO20022. ECSDA has published its recommendation on the adoption of ISO20022 in May 2023. The paper can be found here: [https://ecsd.eu/wp-content/uploads/2023/05/2023\\_05\\_26\\_ECSDA\\_messaging\\_task-force\\_paper.pdf](https://ecsd.eu/wp-content/uploads/2023/05/2023_05_26_ECSDA_messaging_task-force_paper.pdf).*

*In the paper, we recommend the decommissioning of other formats than ISO20022 by European CSDs five years after Wave 2 of SCoRE, as well as using the latest version available of the format. ISO20022 has different variants and is subject to a yearly maintenance. To achieve efficiency, it is important that stakeholders use the latest version of the standard.*

*Concerning General meetings, the notification has a complex structure. The meeting instruction messages have many variations on how to report an electronic vote or instruction under different conditions. As markets often have not yet considered the full functionality of ISO 20022, the event setup may not fully comply with an STP process and workarounds have to be accepted within the ISO message usage.*

*That being said, we do not believe that policymakers or regulators should intervene by requiring a mandatory use of ISO 20022. This should be left to the market standardisation. Furthermore, to provide a future-proof regulation, we believe that requiring the use of “machine-readable” communication formats in SRD III is sufficient.*

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?

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

Yes

No

Don't know

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:

*ECSDA response*

*We do not support the introduction of a specific ISO standard at the regulatory level because we believe that the choice of which standard to adopt should be left to industry and market practices as long as it complies with machine-readable messaging requirements.*

*ISO20022 messages for general meetings and shareholder identification are critical to allow automated processes. Post-trade market experts should remain the owner of the market standard practices through the existing market associations.*

57. Has your organisation adopted a secure, machine-readable messaging standard for interactions in the investment chain?

*ECSDA remark*

*As ECSDA Members could not reach an agreement on the rates, it was agreed not to provide an answer.*

Yes, the ISO 20022 messaging standard

No, we do not use a secure, machine readable messaging standard

Yes, a messaging standard other than ISO 20022 (please specify)

**58. Please provide any other insight on your choice of messaging standard:**

*ECSDA response*

*Many CSDs already use ISO20022. Most of them implemented ISO20022 for Shareholder Disclosures (mostly via SWIFT and GUI).*

*The remaining European CSDs (with rare exceptions) are expected to enable the 20022 by the implementation of SCORE Standards in November 2024. Today, in addition to ISO20022, CSDs frequently offer alternative channels (upload and web screen) to our clients. Objectives are (1) to offer a solution to clients who do not have access to ISO20222 or (2) to be used as back-up in case of issues.*

*In some cases, CSDs may transmit general meetings in ISO15022 and the ISO20022 is available to participants via a CSD provider or the Issuer Agent Interface.*

---

**Costs of communication/ interaction in the investment chain**

---

**59. Did your organisation take any action to comply with the provisions of SRD2 on interactions in the investment chain?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

**Significant action**

Marginal / no action

**Minor action**

Don't know

**60. Please describe the action taken:**

*ECSDA response*

CSDs have generally taken the following actions:

1. Implement a completely new SRDII meeting and Shareholder identification services to comply with regulations, where the service was not yet provided.
2. Implement ISO20222 messages.
3. Adapting corporate action processes.



**61. How has compliance with the SRD2 provisions on interactions in the investment chain affected the costs incurred for your organisation?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	<b>Rough estimate either in EUR, percentage of turnover, person days, or full-time equivalents</b>
One-off costs, new IT equipment One-off costs for designing and adopting new processes	
One-off staff training costs	
Annual cost for maintaining IT systems, upgrades, on-going training	

**Additional options (question 61)**

Order responses: alphabetically

*ECSDA response*

*We would like to highlight the following with regard to charges and costs linked to SRD2 requirements implementation.*

*According to SRD II, Article 3d, number 2, any charges levied by an intermediary on shareholders, companies and other intermediaries shall be non-discriminatory and proportionate in relation to the actual costs incurred for delivering the services.*

*Since the implementation of the SRD II, the issuers and the entities responsible for the collection of the information on behalf of the issuers, started to receive invoices from intermediaries, over the intermediation chain, charging for the shareholders' information provided.*

According to the information we have, there is no harmonisation on the fees charged by the several Financial Intermediaries and it is not possible to determine whether they correspond to the real costs arising from the provision of the service.

Additionally, considering long intermediation chains and that all the Intermediaries over the intermediation chain can charge a fee to the Issuer, or to the entity in charge of the collection of the information, regarding shareholders' identification, the costs to be supported by the issuers for this service will increase significantly.

This could lead to Issuers reducing the number of requests in order to have the information of its shareholders updated, which in our understanding goes against the main objectives of the SRD II, namely the right of the issuer to identify its shareholders, the improvement of the direct communication between the shareholders and the company and therefore essential to facilitating the exercise of shareholders right and shareholders engagement.

## 62. How have compliance costs regarding interactions in the investment chain changed since the implementation of SRD2?

### ECSDA remark

ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.

	Costs have increased a lot (>+30%)	Costs have increased a little (+10% to +30%)	No noticeable change (-10% to +10%)	Costs have decreased a little (-10% to -30%)	Costs have decreased a lot (<-30%)
Annual cost for maintaining IT systems, upgrades, on-going training					
Annual costs for the identification of shareholders					
Annual costs to provide information to shareholders on corporate events					
Annual costs to facilitate the exercise of shareholder rights					

**63. Please provide any further information to explain your answer on the costs incurred by your organisation.**

*ECSDA response*

The main cost drivers for CSDs have been:

1. Impact of the new ISO 20022 messages,
2. New application/database and IT systems built and need to be maintained,
3. Size of operational teams has been increased to cope with new obligations.

**64. How have your organisation’s charges / fees to shareholders changed since the application of the SRD2?**

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Charges / fees have increased a lot (>+30%)	Charges / fees have increased a little (+10% to +30%)	No noticeable change (-10% to +10%)	Charges / fees have decreased a little (-10% to -30%)	Charges / fees have decreased a lot (<-30%)
Provision of information on corporate events					
Participation in general meetings					
Voting at a general meeting					

**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?**

Yes, major changes

**No changes are needed**

Yes, minor changes

**Don't know**

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

*ECSDA remark*

*ECSDA decided not to reconcile Members views on the ratings, but rather focus on providing a joint view on the rationale for those.*

	Yes	No	Not sure	Reasons for preference and expected impacts (positive or negative)
1. Business as usual: The SRD2 provisions on interactions in the investment chain would remain unchanged				<i>We believe that the current framework is sufficiently detailed and no further changes are needed; instead, it is advisable to work with the industry to develop guidelines and</i>

				<i>clarifications to avoid uncertainty in the application of the regulations.</i>
<p>2. Clarifications and guidance</p> <p>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</p>				<p><i>Please see above.</i></p> <p><i>Interactions in the investment chain is a technical issue, therefore certain consistency of application of the rules is probably needed.</i></p>
<p>3. Minor refinements</p> <p>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</p>				<i>Although there is no standardisation of thresholds, we believe that the guidelines are sufficient on this point.</i>
<p>4. Harmonised, digital information flows</p> <p>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)</p>				<i>We consider that the system should maintain flexibility to adapt to the specifics of markets, and therefore we do not believe it is necessary to adopt a specific standard that might be overly burdensome for industry, especially in some markets.</i>

			<p>The use of a common standard (e.g. ISO 20022) is a prerequisite for better interactions in the investment chain and the reduction of discrepancies between Member States.</p>
--	--	--	--

Other, please specify:

- Review, optimize and clarify the approach/process related to the payment of fees to intermediaries by issuers. The current lack of creates uncertainty, inefficiencies and legal challenges.
- Clarify the definition of “shareholders” to be used in the context of SRDII (please see our answer above).
- Request the industry standards group to clarify the sequence and define the meaning of GM key dates as has been done for Corporate Actions to achieve further harmonisation.
- In order for proper straight-through processing of received information by the issuer/issuer agent, the regulations should not allow the usage of multiple “Unique identifier” to identify the shareholders and the intermediaries.
- For the identification of shareholders, the current provisions allow intermediaries to use different types of identifiers (e.g. for legal persons – a unique national registration number or LEI or Bank Identifier Code (BIC) or a client code). If a shareholder holds shares of a company in several securities accounts, in the books of two or more intermediaries and those intermediaries use different types of identifiers, the issuer or issuer’s agent cannot aggregate the holdings of the respective shareholder under a single position. In such a situation, the issuer will mistakenly consider that it has several shareholders with smaller holdings and not one shareholder with a larger holding. Also, if more “Unique identifier of shareholder” is allowed, a shareholder position may not be trackable when the shareholder changes its custodian/intermediary and the new intermediary uses another type of identifier than the former intermediary.
- Also, the regulations should not allow that, in response to a request to disclose information regarding shareholder identity, two types of “Unique identifier” be sent to the intermediary (i.e. LEI and Unique national registration number). Thus, the identifier should be always the LEI. For example, if an intermediary is reported up the chain with a LEI code and the same intermediary identifies itself when reporting with another ID then the straight-through processing of reconciliation is not possible on the issuer/issuer’s agent level.