



**COMMENTS ON THE TEXTS ADOPTED BY THE COUNCIL AND THE PARLIAMENT  
ON THE PROPOSAL FOR THE REVISION OF THE SHAREHOLDER RIGHTS DIRECTIVE**

***SUMMARY OF KEY MESSAGES***

Eumedion has always been supportive of the underlying objectives of the Commission proposal to revise the Shareholder Rights Directive. The proposal strikes the right balances between creating new shareholder rights, fostering better engagement between listed companies and their shareholders, and creating new responsibilities for institutional investors and asset managers reflecting their role and influence on capital markets and on listed companies and encouraging their longer-term investment horizons. In the light of the Trilogue, Eumedion, representing the interests of institutional investors who have more than € 4 trillion assets under managements and who invest in almost all European listed companies, would like to make some comments on the texts adopted by the Council and the Parliament.

**SHAREHOLDER IDENTIFICATION**

- Several countries have national systems for shareholder identification. We concur with the Parliament that the Directive should take account of those systems. The privacy of small shareholders should be protected. Therefore we agree with the Council that Member States should be able to decide that identification can only be requested with respect to 'larger' shareholders. Furthermore no unreasonable costs should be imposed on shareholders and no distinction should be made between domestic and foreign shareholders. Therefore we are in favour of the Council's text on art. 3d. However, we still regret that listed companies have a monopoly on the shareholder identification data.

**TRANSPARENCY BY INSTITUTIONAL INVESTOR AND ASSET MANAGERS**

- Eumedion generally supports the proposals to increase transparency by institutional investors and assets managers (art. 3f and 3g). We support the Parliament's text on art. 3f, with exception of the obligation to explain voting behaviour. Such obligation would be too burdensome for large institutional investors who – for reasons of diversification – invest in many listed companies seated in various

countries. We believe that institutional investors and asset managers should publish meaningful and proportionate information. At the same time we feel that commercially sensitive information should not be publicly disclosed. Therefore we are in favour of the Council's text on art. 3g and 3h.

## **REMUNERATION**

- Eumedion welcomes that the remuneration policy and the remuneration report will be subject to a shareholder vote (art. 9a and 9b). This should not be weakened by exemptions and therefore we support the Parliament's text on 9b (3). The restrictions on the use of share-based remuneration in the Parliament's text seem not to be in line with art. 94 (1) (l) of the Capital Requirements Directive. Therefore support for the Council's text on art. 9a (3).

## **COUNTRY BY COUNTRY REPORTING AND TAX RULINGS DISCLOSURE**

- Investors will benefit from increased public transparency on where taxes are paid ('country-by-country reporting') since it increases overall transparency and allows for a more detailed analysis by investors. It will also offer shareholders the opportunity to have a dialogue with the board of the company on this topic. Therefore Eumedion supports art. 2 (-1a) and art. 2a (2, art. 16a) of the Parliament's text. However, Eumedion is not in favour of a new obligation to publicly disclose tax rulings (art. 2 (-1c) and art. 2a (2, art. 16b) of the Parliament's text). The benefits of tax rulings disclosure (next to 'country-by-country reporting') in terms of added value to investors are unclear, while the administrative burden and compliance costs for companies are quite evident.

## **RELATED PARTY TRANSACTIONS**

- Eumedion regrets that the Council and Parliament don't concur with the Commission's proposal that significant related party transactions should be subject to an independent shareholders' vote. Now there is still a risk that the interests of a related party may influence the decision-making of the Board to the detriment of the (minority) shareholders.

### **For more information:**

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