



**COMMENTS ON THE DRAFT REPORT OF THE EP COMMITTEE ON LEGAL AFFAIRS
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. From that perspective, Eumedion, representing the interests of institutional investors who have more than € 4 trillion assets under managements and who have investments in almost all European listed companies, has reviewed the draft report of the EP Legal Committee's rapporteur Sergio G. Cofferati and would like to make some comments on some proposed amendments.

SHAREHOLDER IDENTIFICATION

- No monopoly for collection of shareholder identification data by listed companies: these data should – under some restrictions – also be available to a shareholder of the company concerned if he requests so. This will facilitate cooperation between shareholders as envisaged in Art. 3f, paragraph 1, sub f of the proposal. Therefore: **full support for amendment 33.**

LONG TERM SHAREHOLDING

- Shareholders' power should be proportionate to their economic interest (the 'one share, one vote' principle). Granting extra – voting or dividend – rights to specific shareholders will not automatically lead to better engagement between companies and their shareholders (maybe even on the contrary), one of the main objectives of the proposal. Therefore: **strongly against amendments 6 and 42.**

INSTITUTIONAL INVESTOR RESPONSIBILITIES

- We recognise the responsibilities of institutional investors and asset managers to generate long term value on behalf of their beneficiaries and clients. It is important to strike the right balance between publishing meaningful and proportionate information and the administrative burden that comes with that. In that respect we believe that arrangements between professional parties (asset managers and institutional investors) do not need legal protection. Moreover, we believe that placing the information requested by the proposal on the website should be sufficient. **Therefore, we are not in favour of amendments 10, 48, 49 and the last part of amendments 8 and 47.**

RELATED PARTY TRANSACTIONS

- An independent shareholders' vote on significant related party transactions is necessary as there is a risk that the interests of a related party may influence the decision-making of the Board – especially when control of the company or the Board resides with a single party – to the detriment of the (minority) shareholders. An independent shareholders' vote ensures that a related party does not transact with the company on terms which are unduly favourable to the related party or disadvantageous to the company and its (minority) shareholders. We are happy that the rapporteur concurs with the Commission's proposal in that respect. However, it is **not clear** what the rapporteur means by revising the proposal from excluding the related party from voting at the shareholders' meeting to preventing him from having a "determining role in the vote" (**amendments 16, 77, 78 and 79**).

For more information:

Rients Abma, executive director, tel. +31 70 2040 303; e-mail: rients.abma@eumedion.nl.

Eumedion's registration number with the European Commission and Parliament is: 65641341034-11.