

## SHAREHOLDER RIGHTS DIRECTIVE

### SHAREHOLDER IDENTIFICATION (ARTICLE 3A) SUMMARY POSITION

27 May 2014

EuropeanIssuers fully shares the objective of improving shareholder identification. However, we consider that the proposal falls short of that objective. An efficient shareholder identification system should be based on these principles:

1. **The shareholder identification system is a right for companies and should be initiated by the company** (rather than being seen purely as a service for intermediaries). By providing that “intermediaries offer to companies the possibility to have their shareholders identified”, rather than a right to companies, the proposal will not be effective in obtaining identification of shareholders domiciled outside the European Union, since European laws will not be enforceable against non-EU domiciled intermediaries, but the investment chain is global, nor in providing companies with the information targeted towards their needs (whether for takeover, AGM, etc).
2. **The shareholder identification procedure must allow companies to obtain from any intermediary at any point along the chain** the identity of their clients, who hold the relevant shares. Companies should be able to bypass the investment chain and go direct to the investor where possible.

EuropeanIssuers is concerned that the existing and most effective shareholder identification systems in place in several EU Member States would be undermined as result of the proposal. For example, in the UK and France, existing shareholder identification procedures are highly efficient and allow issuers to effectively identify their shareholders, including where the shareholder is not domiciled in the same country as the company. The UK law goes even further by allowing the identification of any person having an interest in the shares, thus preventing circumvention of the law by investors purchasing derivatives with an interest in shares, rather than the shares themselves.

3. **Failing an efficient sanction system, the shareholder identification system will remain theoretical.** Only sanctions can render the proposed right effective. The sanction attached to the failure to provide companies with the identity of shareholders or intermediaries’ clients **should enable companies to suspend voting rights or/and dividend payments**. This can only be done by granting power to the company to enforce such a right, in order to be enforceable against an intermediary who may not be domiciled in the EU. Such sanctions could be implemented either at the national or EU level.<sup>1</sup>

*EuropeanIssuers represents the interests of quoted companies across Europe. Our members include both national associations and companies from all sectors in Europe.*

*We aim to ensure that EU policy creates an environment in which companies can raise capital through the public markets and can deliver growth over the longer-term. We seek capital markets that serve the interests of their end users, including issuers. More information can be found at [www.europeanissuers.eu](http://www.europeanissuers.eu).*

<sup>1</sup> We will provide a more detailed analysis of the pros and cons of this and other options later.