

## PRESS RELEASE

# European Commission helps shareholder engagement by rejecting the request led by financial intermediaries to delay the implementation of the new Shareholder Rights

Brussels, 4 June 2020 – On 29 April 2020 the heads of European and Member State organisations representing individual shareholders across Europe sent an [Open Letter](#) to the European Commission (EC) opposing lobbying attempts led by powerful financial intermediaries to postpone the implementation of the Shareholder Rights Directive II (SRD II). Their call has now been heeded.

After learning in April that certain [industry stakeholders were asking for a postponement](#) of the SRD II Implementing Regulation using the Covid-19 crisis as an excuse, BETTER FINANCE, the European Federation of national member organisations representing individual bond and shareholders, investment fund investors, bank savers, pension fund participants, life insurance policy holders, borrowers and other financial services users in more than 35 countries, including most European Member States, led a coalition of individual investor organisations<sup>1</sup> from all over Europe to warn about the risks of any delay to the implementation of SRD II.

On 28 May, in its answer to the industry lobbyists, the European Commission's directorate for justice (DG JUST) responsible for consumer rights, echoed the arguments put forward by BETTER FINANCE and others against such a delay, dismissing the claim for the need to allocate resources to Covid-19 measures as *"the Directive was published almost three years ago and the minimum requirements set out in the Commission Implementing Regulation has also been known for more than 1.5 years. This should have allowed sufficient time to adapt existing practices and procedures to the new rules."*

Acting Director-General, Ms Salla Saastamoinen, pointed to the fact that, rather than being a reason for postponement, the swift application of the new rules was even more important in these challenging times, as *"amid the current lockdown measures as well as in the near future [...] shareholders are often able to participate and vote in general meetings only remotely"*.

Guillaume Prache, Managing Director of BETTER FINANCE, added that *"any delay in implementing the second phase of SRD II would do more harm than good, with individual shareholders still unable to exercise their voting rights, especially cross-border. Such a blow to shareholder engagement would not bode well for the "Governance" part of the ESG (Environmental, Social, and Governance) sustainability factors advocated by the EU as part of its EU Green Deal flagship initiative. Individual shareholders are very thankful to the EC DG Justice for having stood firm against the global financial powerhouses to defend shareholders rights and corporate governance."*

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<sup>1</sup> Asociatia Utilizatorilor Romani de Servicii Financiare (AURSF), Associacao dos Investidores e Analistas Técnicos do Mercado de Capitais (ATM), Boulos Law Office (BLO), Association pour l'amélioration de la retraite et de l'épargne (GAIIPAR), Dansk Aktionærforening (DAF), Deutsche Schutzvereinigung für Wertpapierbesitz (DSW), Expert Corporate Governance Service (ECGS), European Federation of Employee Share Ownership (EFES), Fédération des investisseurs individuels et des clubs d'investissement (F2iC), Interessensverband für Anleger (IVA), Malta Association of Small Shareholders (MASS), Osakesäästäjien Keskusliitto ry, Samtök sparifjäreigenda (ISA), Sdružení českých spotřebitelů (SCS), ShareAction, ShareSoc, UK Shareholders Association (UKSA), Vlaamse Federatie van Beleggers (VFB), Vseslovensko združenje malih delničarjev (VZMD), World Federation of Investors (WFI)