

PRESS RELEASE

A CAPITAL MARKETS UNION WITHOUT A SINGLE MARKET FOR EU-WIDE SHAREHOLDER ENGAGEMENT

Brussels, 9 November 2015 – The Commission’s proposal for the review of the Shareholder Rights Directive (SRD), aimed at countering wide-spread short-termism in favour of a long-term perspective in the governance of listed companies by stimulating stronger shareholder engagement, was presented to the European Parliament (EP) and Council. Whereas the EP largely backed the EC’s proposals for the draft law and partially adopted its resolution in plenary on 8 July, proposed revisions to the existing SRD are currently still up for negotiation in the informal trialogue meetings between the European Parliament, the Council and the Commission.

The draft that will be negotiated largely ignores the stated aims of the SRD review and will do very little to improve shareholder engagement. A case in point is the fact that the charging of higher fees for cross-border voting inside the EU will not be prohibited, despite repeated demands from EU individual shareholders.

Shareholder engagement is further hampered by the proposed SRD in that it ignores the voting rights of individual shareholders whose shares are lodged in omnibus ("nominee") accounts.

What’s more is that the SRD proposal as approved by the EP runs counter to the aim of the proposed Capital Markets Union (CMU) to integrate capital markets in the EU. For all intents and purposes the SRD in its current form means that we are now looking at a Capital Markets Union without a single market for EU-wide shareholder engagement. With individual shareholders’ rights being ignored, it is fair to say that the SRD is turning into an “Intermediary Rights Directive”, as the ECON vice-chair correctly put it.

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