

PRESS RELEASE

Hampered by fragmented and costly intermediated processes, less than half of European individual shareholders were able to exercise their voting rights at AGMs in 2022

24 January 2023 – For a third year in a row, a study by BETTER FINANCE and DSW still points to considerable barriers to shareholder engagement as the Shareholder Rights Directive II fails to deliver for European cross-border shareholders, seriously hampering long-term investor engagement and sustainable corporate governance.

Following the entry into force of the Shareholder Rights Directive II (SRD II) in September 2020, BETTER FINANCE, together with DSW, and its other member organisations, set out to determine to what extent shareholders are really able to engage with investee companies, i.e. to fully exercise their rights by attending and/or voting at AGMs when they hold stocks of companies domiciled in a different EU Member State than that of their bank or broker.

The results of the study in 2022 are still extremely worrying, with less than half of those surveyed able to exercise their voting rights at AGMs. The high fees charged to investors (by banks or brokers) to vote at AGMs at times exceeding €250 per AGM and remained one of the most important obstacles to voting in 2022, with an increase of 64% of instances where shareholders had to pay to exercise their rights.

63% of those shareholders who were able to complete the process, perceive the voting process as difficult, with as many having to obtain information on the AGM by themselves, when this should have been provided to them automatically.

BETTER FINANCE and DSW reiterate the urgent need to make the cross-border voting process simpler, more effective, and less costly for shareholders across the EU, by, among others:

- Ensuring that costs and charges no longer hamper shareholder voting within the single market
- Improving cost transparency pre-general meeting
- Fostering direct communication between issuers and shareholders
- Fostering proxy voting through independent shareholder representatives
- Improving the (intermediated) shareholder engagement process by tackling problems resulting from complex, fragmented and antiquated voting chains
- Harmonising and simplifying documentation requirements related to engagement processes
- Discarding the requirement to give advance notice for participation in a general meeting
- Introducing a standardised EU-wide form to prove share ownership at record date and proxy form
- Harmonising record dates and deadlines
- Promptly introducing an EU-wide definition of ‘shareholder’
- Investigate compliance issues of neobrokers with shareholders rights services

As Guillaume Prache, Managing Director of BETTER FINANCE, pointed out: *“It is important to stress that the easy and free exercise of voting rights within the European Union required by SRD II is the main enabler and driver for the necessary engagement of individual investors with investee companies to contribute to enhancing their governance and to accelerate their sustainable transition.”*

➔ Read the [2022 Report](#) on “Barriers to shareholder engagement | SRD II Revisited”

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