Reclaiming Shareholder Engagement

Fixing SRD II's Implementation Failures

BF BETTER FINANCE
The European Federation of Investors and Financial Services Users
Fédération Européenne des Épargnants et Usagers des Services Financiers

A Review of SRD II Failures and Policy Fixes Proposals

Commentary of the EC study on SRD Application Study

About BETTER FINANCE

BETTER FINANCE is the European federation representing individual savers, investors, and financial services users. Dedicated to promoting transparency, fairness, and accountability, it works to ensure that Europe's financial system serves the real economy and the best interests of its citizens. BETTER FINANCE is a European federation consisting of 40 member organisations across 25 countries. It represents millions of individual investors and other users of financial services and has operated with EU support since 2012. We empower citizens with independent information and education, advocate for fair access to financial markets, and call for policies that place people at the heart of financial decision-making. Through participation in EU advisory groups, research-based advocacy, educational initiatives, and campaigns, we strengthen investor protection, enhance financial literacy, and advocate for effective supervision and governance.

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Executive Summary

When shareholder engagement is not treated as an enforceable ownership right, citizens are effectively denied a channel to shape the social and economic impact of listed companies, thus undermining shareholder democracy. Reclaiming this right means enabling investors to steer corporate conduct and hold management to account through meaningful AGM participation. Yet engagement is still too often relegated to a professionalised and failing service that is fragmented, slow, and ineffective.

Across the EU, however, retail investors who attempt to vote, ask questions, or be represented still face procedural complexity, missing AGM information, data losses along the intermediary chain, and fees that effectively price engagement out of reach, especially in cross-border situations. The European Commission's 2024 study on the application of SRD I and SRD II provides a strong stock-take of these barriers and frames potential reforms around five intervention areas: (1) general meeting rights, (2) shareholder identification, (3) transmission of information, (4) costs and fees, and (5) proxy advisors.

This is not a "fine-tuning" issue. Engagement remains costly, fragmented and labour-intensive—making voting a quasi-full-time job for individual investors, despite SRD II's aim to enable straightforward, efficiently intermediated participation. Cross-border participation exposes these weakest links most starkly: despite SRD II, around half of retail investors report being unable to vote cross-border, and those who try are often confronted with missing services, opaque "voting packages", and deterrent charges. BETTER FINANCE evidence cited in the Commission study shows fees ranging from EUR 20 to EUR 250, with 64% of surveyed investors reporting cross-border charges imposed by the last intermediary – often the only point of contact a retail investor must reach the issuer and exercise rights.

While the Commission study diagnoses the problem well, its measures remain largely procedural and incremental. From the retail investor perspective, the persistent gap between legal rights and market reality is driven by structural features: excessive intermediation, diffuse liability, weak enforcement, and the absence of a harmonised concept of beneficial ownership that would operationally anchor who may exercise rights – and, critically, how those rights are transmitted, confirmed, and made usable. The Commission study itself recognises that SRD benefits have accrued more to professional investors than to retail investors and identifies priorities that implicitly point toward a stronger reform logic, including more harmonised rules and more reliable, digitalised end-to-end processes.

Here, we substantiate and prioritises the policy options set out in the European Commission commissioned study across the five intervention areas, selecting those most capable of delivering measurable improvements for individual EU cross-border investors. Second, we argue that these options will not fully deliver without a framework enabler: a shareholder engagement architecture that breaks down regulatory silos and is future-proofed for digital voting. In practice, retail

investors mostly interact with the last intermediary in the chain; reform must therefore impose clear service expectations and accountability on that interface; enabling voting, confirmation, and workable delegation (streamlined powers of attorney), and/or ensuring that stewardship mechanisms can reflect end-investor preferences rather than treating proxy voting as sufficient.

In short: procedural fixes are necessary, but they must be designed around the beneficial owner and backed by enforceable digital infrastructure to ensure how shareholder engagement can effectively work in practice. A digital shareholder-engagement backbone, alongside stronger stewardship linkages (including in the sustainability context), is decisive for the credibility and uptake of a modern EU shareholder democracy, that is, one that can foster the social link of investing

Key Takeaways

SRD II remains a minimal harmonisation; this is no longer sufficient. To make shareholder engagement a reality within the EU, the SRD review should tackle core corporate-law mechanics, starting with AGM rules for listed companies (proceedings, formats, notice periods, record date, deadlines and publication of results) that ensure equality and increase participation; including via an hybrid AGM normative framework.

Treat shareholder engagement as an enforceable ownership right – not a professionalised, too often failing/costly service: The engagement "pipeline" (convocation → information → voting → confirmation) should not depend on discretionary intermediary processes or paid "packages". Any revision should end monetisation of core SRD functions (making a right, not a service), with anti-circumvention rules so "transparency" does not legitimise pay-to-vote outcomes.

Digitalisation should be a governance lever, not a compliance add-on: Reform should standardise usable digital AGM workflows for issuers and at the last intermediary for investors (including smartphone-ready voting), ensure end-to-end confirmations, and facilitate digital delegation (reusable e-PoA). Digital tools should also open the ecosystem to competition (registrars/AGM agents), rather than deepen entrenched capturing of voting process by financial intermediaries.

Make beneficial ownership the operational anchor of SRD. Identification and information flows should be designed to reach the *ultimate investor* (beneficial owner), not merely the registered/nominee holder. The reform should (i) define "shareholder" functionally for SRD purposes, (ii) allocate clear duties and liability for failures (lost votes, delayed/altered messages) across custodians and CSD layers, and (iii) place enforceable responsibility at the last intermediary (bank/broker), which controls the end-user relationship. This also implies addressing nominee/street-name frictions and the opacity created by omnibus accounts.

Streamlined voting is an SRD duty: A credible reform must ensure more direct issuer – shareholder connectivity, including an issuer-accessible reconciled record-date shareholder view (under EU standards, open to competition via issuer-appointed agents), so cross-border voting becomes reliable, scalable, delegable and non-discriminatory.

Beyond Chapter 1a: fix representation and stewardship. The study under-covers SRD II Chapter 1b: for many citizens, ownership is mediated through funds, so reform must articulate stewardship as a usable representation channel, including pass-through / split voting where feasible, and clearer links to sustainability preference claims (including interaction with SFDR narratives).

Close loopholes from market practices that distort "who votes". SRD should not leave key safeguards to voluntary practice. It should address securities lending and title-transfer frictions (recall-to-vote usability, confirmations, and duties for asset managers) to curb empty voting and ensure retail vote intent is not diluted. Custodians should not effectively act on behalf of end investors by default; last intermediaries (banks/brokers) should keep investors informed and enable voting/representation.

As a priority, any SRD reform should seize the opportunity to strengthen a more harmonised EU framework for listed companies by codifying an enforceable AGM baseline. It should make shareholder rights usable by default by anchoring identification in the beneficial owner (through a tightly drafted SRD-purpose functional definition or an EU-wide one) and by treating AGM participation as a rights-enabling post-trade function, so core voting and information flows cannot be obstructed, bundled, or monetised as "packages". In practice, concentrated meeting "plumbing" and gatekeeper arrangements in the chain have undermined retail participation and cross-border equality.

Retail investors should receive AGM information automatically, vote through smartphone-ready journeys or delegate seamlessly (including reusable e-PoA to trusted third parties such as independent investor organisations and, where feasible, pass-through mechanisms), and obtain end-to-end confirmation that votes were transmitted, recorded and counted – without cross-border discrimination. At the same time, issuers should have a right to identify and reach shareholders via a standardised, reconciled record-date shareholder view and issuer-appointed agents, within an interoperable ecosystem that supervisors can audit and enforce; so intermediaries compete on usability and value-added features, not on access to core rights.

Introduction: Reclaiming Shareholder Engagement:

Why Enforceable Voting Rights is an Imperative

BETTER FINANCE has long stressed that investing should not be a full-time job. Nor should engaging with listed companies. Yet for many individual investors across the EU, exercising basic shareholder rights (i.e. voting, asking questions, or being represented) is a complex, time-consuming, costly, and can be practically unworkable in cross-border settings.[1] Across the custody chain, shareholder engagement – mediated by opaque and antiquated intermediation layers that disconnect beneficial owners from issuers – too often functions as a failing service rather than an enforceable right: This outcome runs against SRD II core purpose of "fostering long-term engagement" notably by enabling more "direct issuer–shareholder communication".[2]

As a result, shareholder engagement is deemed by investor associations to operate as a "failing service" rather than an enforceable right; captured by opaque and antiquated intermediary chains ultimately disconnecting investors from issuers. This outcome stands in direct contradiction to the stated objectives of the Shareholder Rights Directive (SRD).

While the 2017 revised SRD II was intended to foster long-term engagement, notably by facilitating direct communication between issuers and shareholders, various regulatory and civil society assessments, including BETTER FINANCE empirical reports, confirm a widening gap between legislative intent and market reality. This failure creates a dangerous governance vacuum. Shareholders partake in the risks linked to equity, including the possibility of total loss; in return, they must be legally enabled to exercise ownership rights to steer corporate direction. Engagement currently serves as the only viable check on corporate power for these risk-bearing investors a function particularly critical given that the EU legal landscape still fails to provide shareholder collective redress mechanisms. Consequently, when shareholders are blocked from exercising oversight ex-ante (through engagement), they have no effective recourse ex-post (through litigation), and this "double deficit" undermines the very credibility of capital markets.

Moreover, recognizing the "G" in ESG is essential to ensure that the financial engine of the European Green Deal can be steered by citizens under robust sustainable finance measures. However, when engagement rights are weakened by layers of intermediation or "proxy plumbing", this ownership link is diluted, and the "societal purpose" that attracts households to invest is lost.

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[1] BETTER FINANCE, *Barriers to shareholder engagement | SRD II Revisited (AGM season 2022)*, January 2023, https://betterfinance.eu/publication/barriers-to-shareholder-engagement-srd-ii-revisited/

[2] Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, https://eur-lex.europa.eu/eli/dir/2017/828/oj

Moreover, empowering voting and sustaining engagement has its part in the EU's financial resilience by linking autonomy and democracy through integrated Capital markets. While foreign ownership of EU listed companies has steadily increased up to 50%, at the same time nearly half of EU investors cannot vote cross-border. This effectively "inactivates" European weight in their own markets, increasing the risk of "empty voting" by intermediaries and creating misalignment between asset managers' policies and their citizen beneficiaries. Simultaneously, we stress the unsuitable outcome of the Listing Act's introduction of Multiple Voting Rights. This further erodes shareholder equality ("one share – one vote" principle) while retail voices are already diminished, risking shareholder entrenchment and diminished accountability in favour of insiders.

Three overarching, yet technical, pillars to improve: shareholder identification and codify sound AGM participation but also actionable (digital) stewardship mechanism as key elements for actionable framework that genuinely empowers the individual investor.

Beyond the Status Quo: Policy Options and Breaking Regulatory Silos

This paper takes as its starting point the European Commission's study on the application of SRD I and II. BETTER FINANCE builds on this analysis to substantiate the study's policy options specifically from the perspective of the individual investor, illustrating the concrete case for reform. However, we also identify structural blind spots that lie beyond the scope of a standard review. By analysing the investor's journey, it becomes clear that fragmentation is not just a matter of national discretion, but of a deeper market architecture shaped by regulatory silos – separating corporate law, securities regulation, market structure, and taxation.

A meaningful reform cannot resolve these issues through isolated amendments. It requires a forward-looking perspective objective. For example, digitalisation should serve as the anchor framework that bridges these silos, ensuring that shareholder rights remain enforceable as markets evolve

As an initial priority, such reform must clarify the shareholder's status as the beneficial co-owner, streamline intermediation, and embed clear liability principles. Three overarching, yet technical, pillars to improve: shareholder identification and codify sound AGM participation but also actionable stewardship mechanism as key elements for actionable framework that genuinely empowers the individual investor. Effective hybrid AGMs, transparent vote delegation, and meaningful representation mechanisms for both direct shareholders and fundholders.

Finally, this reform cannot advance in isolation. The design of the Savings and Investments Union, the 28th company law regime, and DLT infrastructures must all be aligned with enforceable shareholder rights. If coherently designed, these initiatives can transform passive savers into active shareholders – reconnecting citizens' savings with corporate governance, sustainability, and long-term value creation. Further, this paper reflects on additional elements to flesh out how the

SRD should – and must – be established as a genuine framework for shareholder democracy in the European Union.

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Intervention Areas: Fixing the Shareholder Rights Delivery Chain

Commentary on the European Commission's SRD Application Study

The European Commission's 2024 study on the application of SRD I & SRD II[3] provides a welcome stock-take of how shareholder rights work in practice, largely confirming concerns long raised by stakeholders and retail investor organisations and echoed in ESMA/EBA work.[4] Shareholder engagement across the EU remains constrained by fragmented, slow and costly processing that turns basic rights into procedural hurdles. This "proxy plumbing" problem is amplified by divergent national rules and a multi-layered cross-border intermediary chain that is often ill-suited to (if not at times capturing) effective shareholder participation.

Building on this diagnosis, our comments assess the study's proposed reform package ("the measures"), structured around five intervention areas[5]: (1) general meeting rights, (2) shareholder identification, (3) transmission of information, (4) costs and fees, and (5) proxy advisors. BETTER FINANCE uses the study's evidence against its own and additional sources to test which options are genuinely workable for individual investors – especially in cross-border holdings – bearing in mind that market practices and enforcement gaps can still neutralise formal rights. We broadly support the thrust of the proposals but argue for the highest feasible level of harmonisation so that targeted amendments translate, across Member States, into reliable voting, usable participation, and non-discriminatory access to AGMs.

Looking ahead, however, SRD reform will still fall short if it stops at necessary (or essentially procedural) tweaks, as implied by the study's "targeted" approach emphasising a "continuation of SRD implementation", "supported by enforcement of compliance". These risks perpetuate uneven application across Member States by leaving similar frictions in place. Therefore, BETTER FINANCE calls to truly scale shareholder engagement by "de-professionalising" it, so that investing and voting do not become a full-time job for citizens. This further requires addressing horizontal frictions across the holding chain and prioritising digitalisation that works in practice, including smartphone-ready voting and modern engagement/delegation tools at investors' point of use.

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[3] European Commission, DG JUST, Centre for Strategy & Evaluation Services (CSES), EY, Oxford Research et Tetra Tech, *Study on the application of the shareholder rights directives JUST/2021/PR/SCOM/CIVI/0169 : final report*, Office des publications de l'Union européenne, March 2025, https://data.europa.eu/doi/10.2838/3657688

[4] See ESMA & EBA report, Implementation of SRD2 provisions on proxy advisors and the investment chain, July 2023, https://www.esma.europa.eu/sites/default/files/2023-07/ESMA32-380-267_Report_on_SRD2.pdf

[5] NB: The study is limited to Chapter 1a related articles ("Identification of shareholders, transmission of information and facilitation of exercise of shareholder rights" and Article 3j (Transparency of proxy advisors).

In this sense, the study rightly points to the need for a dedicated assessment of technological trends in information exchange and "direct-link" solutions between issuers and shareholders, alongside the key call for an effective EU-wide model for hybrid AGM participation. This should be complemented by practical delegation tools at the level of the last intermediary (the investor's real interface): default, ideally user-friendly (i.e. smartphone-ready workflows) for voting and confirmation, along with streamlined delegation of power of attorney (PoA) to trusted third parties chosen by investors. Notably, this should not only be confined to traditional proxy forms (i.e. bank/custodian-tied delegation or proxy advisory services) but should enable delegation to independent organisations; including national retail investor representative bodies.

Finally, a major gap remains: the study does not cover SRD II Chapter I b, notably linked to institutional investors and asset managers' engagement duties. Yet for many retail investors, ownership is mediated through funds, meaning that stewardship is the only realistic channel of indirect shareholder representation. Any SRD update should therefore strengthen mechanisms that allow fundholders' preferences to be reflected through stewardship, including pass-through solutions and, where feasible, split voting, so that intermediated ownership does not imply disengaged ownership. In other words, SRD should evolve from a framework of formal entitlements into a genuinely operational shareholder rights and representation framework.

Interventions Area 1: Exercise of shareholder rights in general meetings

AGMs are the clearest "stress test" of whether shareholder rights work in practice – and the cornerstone of shareholder democracy. If SRD rights are to translate into real participation and corporate accountability, shareholders must receive meeting information in time, participate (including remotely), ask questions, and vote with assurance that their instructions were recorded and counted. This is also where citizens can credibly steer company conduct beyond short-term profit, including on ESG matters – consistent with SRD's long-term engagement objective.

The Commission study usefully distils the recurring bottlenecks, often most acute cross-border, into five practical choke points: (i) agenda and proposal rights, (ii) meaningful electronic/hybrid participation, (iii) question rights, (iv) proof-of-entitlement and delegation formalities (including PoA), and (v) fragmented timelines (notice, record date, voting cut-offs, publication of results). BETTER FINANCE's AGM-season evidence shows a persistent disconnect between issuers and end-investors: meeting information is not delivered automatically, investors must chase basic details (including record dates and cut-offs), and vote-completion remains low, specially where intermediaries confine investors to advance proxy voting only, effectively capturing the process and blocking unmediated direct access to the AGM.

Digitalisation is therefore decisive, but not inherently pro-shareholder. Done correctly, it reduces friction (hybrid access, aligned deadlines, simple delegation,

vote confirmation); done poorly, it can weaken participation (virtual-only formats, filtered Q&A, procedural traps), as became particularly visible during and after the COVID-19 period. ERIN's work[6] further maps how national divergences in AGM rules and market practices can either enable or hollow out these rights in practice, thus reinforcing the case for harmonised EU minimum standards and enforceable best practices that bring legal certainty to AGM proceedings and drive the corporate-governance adaptations needed across Member States, so participation becomes usable by default, including in cross-border holdings.

Measure 1: Agenda items & draft resolutions (Thresholds / Article 6 SRD)

Article 6(3) SRD agenda/proposal rights are often curtailed by Member State conditions[7] through a capital threshold set at the upper limit.[8] In practice, this can make adding agenda items or tabling draft resolutions unusable for dispersed retail shareholders and entrenches a structural imbalance: management retains effective agenda control and ,where question rights are tied to agenda items , high thresholds also narrow shareholders' ability to raise "difficult" questions, including on ESG commitments and long-term strategy. This is also a clear example of how national settings further complicate cross-border participation.

Among stakeholders – reflecting the issuer's reluctance – the study highlights a perceived trade-off: strengthening minority voices without allowing a small group to "hijack" the meeting. We consider this framing misleading: the contention should be resolved, not obscured – through clear admissibility rules and orderly procedures that enable minority rights without dysfunction. By contrast, the current high-threshold approach already produces the opposite distortion by effectively reserving agenda-setting and accountability to large shareholders (block holders)[9].

BETTER FINANCE's preference is therefore to remove capital thresholds for agenda items and draft resolutions, restoring AGMs as a genuinely democratic forum and supporting equal treatment across borders. If a safeguard is politically unavoidable, it should not take the form of a fixed share-capital percentage – typically unattainable for individual investors. Instead, proportionate tools can prevent abuse without neutralising the right (e.g., admissibility criteria and structured time allocation) and, as highlighted in ERIN's analysis, a signatory-based requirement (a

[6] See: ShareAction, Enabling Shareholder Rights: Practical information to support the exercise of shareholder rights in seven European countries, September 2024 https://shareaction.org/policies/erin-shareholder-rights-guide-2024
[7] Exemple: Ital
[8] SRD Article 6(3) allows Member States to condition the right to add agenda items and table draft resolutions on a minimum stake, capped at 5% of share capital. Examples: Finland applies no threshold; the Netherlands applies 3%; others apply (or can reach) 5% (e.g. Spain, Poland); Germany uses 5% or a fixed nominal amount; France applies a sliding scale that can reach 5% for smaller issuers.
[9] Blockholder include shareholders who hold a large block of shares (e.g., a controlling shareholder, founding family, the state, or a large institutional investor).

minimum number of supporting shareholders) rather than a capital threshold. This should also work through representation: where a retail investor association aggregates shareholder support, its submissions should be treated as meeting the signatory requirement and placed on the agenda.

Measure 2 – Meaningful participation in virtual meetings (hybrid vs virtual-only; guidance vs binding

Linked to Article 8 SRD, which permits electronic participation but leaves "participation" too vague – driving divergent national practices and legal uncertainty over what shareholders can actually do remotely and how issuers should organise AGMs in digital settings. The creates an illustrative tension: issuers and some market actors emphasise flexibility and cost and unpredictability where national rules do not cater for such settings, while shareholders need assurance that digital channels may expand access without lowering scrutiny.

BETTER FINANCE's post-pandemic evidence shows why this cannot be left to discretion: emergency-era practices (closed-door/virtual-only meetings and proxy-only participation) weakened engagement, and in the 2023 AGM season many issuers again opted for virtual-only, with reported limitations on voting, motions and Q&A, instances of mere broadcasting, technical glitches and digital exclusion; even some hybrid meetings produced unequal rights between in-person and remote participants.[10] BETTER FINANCE therefore advocates EU-wide adoption of a balanced and inclusive hybrid AGM model; one that combines the advantages of virtual access with the safeguards of in-person meetings, under a transparent and secure framework for both shareholders and issuers, and equal rights regardless of participation channel. In fact, this is the most widely supported approach: around 70% of individual investors favour hybrid AGMs, provided clear safeguards apply; physical-only meetings are the second preference, while virtual-only formats attract only 0–10% of preferences.

BETTER FINANCE calls for making hybrid the EU default through binding minimum standards, not merely guidance. A credible EU model should define "meaningful participation" in enforceable terms: real-time Q&A (not filtered post-hoc), live remote voting, workable submission of motions, and secure end-to-end confirmations. Guidance can help, but without enforceable baselines, the same uneven practices (and rights-downgrading virtualisation) will persist across Member States and in cross-border holdings.

[10] See also BETTER FINANCE Press release calling for Hybrid AGM framework and representation on individual investors; https://betterfinance.eu/publication/investors-advocates-call-for-enhancements-to-hybrid-agms-and-shareholder-representation-frameworks-decrying-virtual-only-meetings/

Measure 3 – Strengthening the right to ask questions (beyond agenda items)

The EC study rightly suggests broadening question rights beyond agenda items, since SRD I Article 9 falls short: it safeguards questions only in relation to the agenda, which is generally set by the board. This creates a blunt structural accountability gap. Restoring balance requires allowing shareholders to raise non-agenda questions, with companies obliged to answer them. While issuers often frame the concern as meeting efficiency ("too many questions" / activism), the study points to a simple workable compromise: allocating a defined time window for non-agenda questions. Moreover, the study's review indicates that virtual-only meetings tend to be shorter and devote less time to shareholders' questions and concerns. The practical risk is therefore not unmanageable meeting length, but constrained scrutiny, especially in digital formats where Q&As can be filtered or operationally downgraded.

BETTER FINANCE calls for extending question rights to cover any issue, not only items formally on the agenda, and hard-wire minimum operational safeguards so the right is usable: a protected Q&A window for non-agenda questions, transparent moderation criteria, and a duty to provide substantive answers (or reasoned refusals). For efficiency and equal treatment, hybrid AGMs should also ensure that online questions are actively captured, grouped and relayed in real time by the chair/secretariat and, where present, shareholder representatives, to avoid duplication and ensure remote questions are not sidelined. These safeguards must apply equally to remote participants so digital channels expand participation rather than becoming a gatekeeping layer.

Measure 4 – Reducing market and national barriers (PoA, proof of entitlement, re-registration, reconciliation)

The study identifies further operational failures driven by fragmented procedures such as paper-based powers of attorney, divergent proof-of-entitlement requirements, and reconciliation/re-registration practices as persistent barriers, especially in a cross-border context. Such frictions reflect a lack of harmonisation of both the proof of entitlement and market practices alike (including related to PoA and registration). This results in a delay in processing and therefore adds costs while increasing the risk of faulty procedure, whereby shareholders face rejection risks from voting.

BETTER FINANCE's and other AGM-season reports confirm these crucial complications. While investors often do receive information proactively (from intermediary or issuer), they must search for basic meeting details, face several documentary requests translating in uneven outcomes (or failure). Moreover, in case of proxy voting, this can create a lack of confirmation that their voting instructions were recorded and counted.

BETTER FINANCE calls to replace meeting-by-meeting paperwork with EU-standardised delegation and entitlement proof that works end-to-end, notably: (i) digital (and reusable/long-term) PoA / e-mandates should replace bespoke wet-

signature documents per AGM; (ii) an EU-recognised standard proof of entitlement, streamlining electronic workflows and avoiding any "double justification"; and (iii) confirmation of end-to-end vote accounting (proof that instruction were transmitted –> recorded → counted) in case of proxy or anticipation voting.

Moving forward, standardisation should pave the way for EU-interoperable shareholder-representation models via Power of Attorney: shareholders must be able to delegate to any trusted third party of their choice – beyond another shareholder or a proxy defaulting to the meeting chair – including independent organisations such as national retail investor associations (as well as any other legal or natural person). To make this feasible, the last intermediaries (banks/brokers) should be able to recognise such mandates and route them through harmonised, standardised channels (via the CSD/vote infrastructure and issuer agents, or directly to the issuer/issuer agent where SRD "direct link" solutions are available).

Measure 5 – Harmonised timeframes and sequencing (convocation, record date, deadlines, publication of results)

The study documents significant variation across Member States in convocation periods and record dates and recognises that long intermediary chains create multiple internal cut-offs that compress the effective time available to shareholders to review materials and decide how to vote. The practical tension is clear: national flexibility and issuer convenience often prevail, but cross-border usability suffers, because formal notice periods do not protect shareholders when intermediaries impose earlier "operational" deadlines that leave investors with little meaningful time to act. BETTER FINANCE's cross-border AGM journey evidence consistently points to this compression effect – late or missing transmission and intermediary cut-offs are recurring drivers of failed participation, even among motivated investors.

BETTER FINANCE therefore supports harmonisation because it is a precondition for "de-professionalising" engagement by making practices clear, notably across border. A predictable EU-wide sequence of key dates (meeting announcement and full documentation availability, record date, voting cut-off, and publication of results) would be a step towards reducing failure rates, enable straight-through processing.

The EC study also notes that voting results could be published much faster given modern technology; BETTER FINANCE supports such accelerated publication and more granular vote transparency, as timely feedback reduces information asymmetry and allows errors to be detected and corrected promptly. However, harmonised timelines must be paired with enforceable delivery obligations to access AGMs and be informed on corporate events, along the chain and between issuers and investors.

Intervention Area 2: Shareholder identification

Shareholder identification is a key precondition for the SRD "pipeline" to function: it anchors the sequenced flow of rights: identification → transmission → voting → confirmation. The Commission study shows why this remains contentious – and especially fragile cross-border: Member States operate under divergent national rules and intermediaries apply varied holding and registration models. As a result, the legal "shareholder" for SRD purposes may be the beneficial/end investor in some markets, but a nominee or intermediary in others. This also highlights why the "end-investor" concept (if not precisely defined) can be too vague to deliver operational certainty. In BETTER FINANCE's view, the anchor concept should be the beneficial owner: the person who ultimately bears the economic risk and return (and related tax treatment) of the investment.

In practice, retail investors remain dependent on how the intermediary chain administers identification and entitlement; typically, across the CSD/CSD-participant layer: global/local custodian and sub-custodian tiers, down to the last intermediary (the bank/broker as sole investor contact point). Moreover, these chains frequently rely on omnibus accounts and nominee structures, which can interrupt information and voting flows. BETTER FINANCE has documented cases where intermediaries request proof/documentation that shareholders cannot practically access cross-border, often because coordination and reconciliation across the chain fails. Identification gaps therefore compound all other frictions: if the chain cannot reliably determine who must receive AGM information and who can validly instruct a vote, SRD rights remain conditional in practice.

Measure 1 – Definition of "shareholder" (Art. 2(b))

Against this backdrop, the EC study correctly treats the definition problem as a core operational one: divergent national concepts of "shareholder" (legal title holder vs. beneficial/end investor) can cause information and rights to stop at nominee level, producing unequal outcomes in cross-border holdings.

The considered options:

- (1a) Published list of national definitions: low friction politically, yet it would essentially codify current fragmentation. Any such "clarification" will still require translation of differing concepts without fixing the operational question of who must receive information and who can exercise rights across borders.
- (1b) Minimum "functional" EU definition for SRD purposes: it would preserve domestic company-law concepts adding more codification process; it would also codify SRD processes to reach the effective "rights-holder" related to identification and AGM flows, provided it is adequately framed.
- (1c) Full harmonization: it would require significant adaptations in national company and securities law, touching core legal structures (property concepts, co-ownership/usufruct arrangements, and securities holding/registration models). Because it would collide with entrenched

national rules and market practices, the study indicates limited stakeholder support from a certain industry actors despite indication of necessity by other stakeholders.

BETTER FINANCE considers the viable options in the following order of preference:

- **Preferred: Option 1c, full harmonisation anchored in beneficial ownership.** This best removes the structural ambiguity of "who is the shareholder" and limits intermediaries' ability to remain de facto rights-holders in practice. To work, it must be paired with binding rules that make beneficial ownership actionable: nominee/shareholder-of-record arrangements must carry a clear duty to transmit information and voting rights and follow client instructions, supported by enforceable digital delegation tools (incl. reusable e-PoA) and a clear liability chain when rights are not passed through. This approach should also be designed in tandem with upcoming reforms to post-trade/account structures and messaging standards leveraging consolidation and interoperability, so cross-border communication to proper identification. Done properly, this would also improve accountability and compliance (clarifying who is responsible when identification fails). Moreover, reducing chain fragmentation should lower cross-border costs and curb opaque fee practices around "identification services", by reducing manual processing through straight-through processing (STP) and reinforcing a low-cost, standardised identification baseline.
- **As a fallback: Option 1b; a well calibrated "functional" SRD-purpose definition.** This can be acceptable only if it is drafted to exclude intermediaries/custodians from the "end-investor" concept and to reach the non-intermediary account holder at the last intermediary, while remaining workable for fundholding realities and long custody chains. It must trigger enforceable transmission duties (who receives AGM information, who can vote, who receives confirmation). A practical drafting route is to borrow the operational logic used in withholding-tax relief frameworks (FASTER/WHT-style "look-through")[11] by reaching the relevant rights-holder as the underlying investor who bears the economic risk and earns the income, rather than the bank/broker holding legal title.

Additionally, a cross-cutting safeguard (for both options 1b and 1c) should address market practices that affect "who votes", notably securities lending. We recommend investigating and curbing detrimental practices by reinforcing

[11] A functional shareholder definition under SRD should mirror the approach operationalised in the FASTER Directive (Council Directive (EU) 2025/50 of 10 December 2024): in intermediated holdings where a bank/broker holds securities in its own name for a client, the framework "looks through" the chain by treating the underlying investor as the registered owner for procedural purposes (i.e., the person/entity entitled to the income as holder on the record date, not a financial intermediary acting for others).

securities-lending-related provisions – first for direct holdings, and then clarifying them for intermediated holdings via asset managers, so that lending does not enable empty voting (i.e., voting without aligned economic exposure) and does not undermine voting/representation arrangements (including clear proxy/PoA mandates). Where shares are made unavailable due to lending, recall-to-vote must be a practical, enforceable right, with clear timelines and confirmations. For asset managers, SRD II Chapter I b should specify how lending and recall policies interact with stewardship and voting duties, ensuring fund-level lending does not dilute end-investor voting intent. These safeguards should be set as binding SRD requirements, not left to voluntary market practice.

Measure 2 – Clarify scope of SRD-covered securities

By highlighting uncertainties over which instruments are in scope for SRD identification or transmission, the study again highlights cases where intermediaries are forced into "scope checks", resulting in potential inconsistent cross-border interpretation and thus handling. Two resolving options are put in contrast: (i) national lists aggregation (yet bearing the risk of consolidating divergence) or (ii) a single EU reference list of "eligible shares" to be kept up to date by ESMA, to ensure automation through SRD scope classification.

BETTER FINANCE supports an EU reference list as the clean baseline to deliver legal certainty and enable end-to-end SRD identification and information flows across intermediary chains, including more direct issuer – shareholder connectivity where feasible. The reference should be consistent with an upgraded Level-1 MiFID II/MiFIR classification framework, particularly for transferable securities and, within that, both shares and bonds. Essentially, instruments carrying shareholder rights should be treated uniformly across the Union, rather than being re-interpreted through national legal proxies or holding models. Furthermore, to be future-proof, the scope should be technology-neutral and integrated into SRD workflows, including where shares are held in different formats (e.g., tokenised formats). In all cases where the underlying instrument is an in-scope share, SRD processes must reach the underlying investor (beneficial owner).

Beyond this, we note that SRD's current perimeter is anchored on regulated markets (and thus, may not automatically cover MTF-only issuers). However, market clarity is necessary, and AGMs standards should not be left to fragmented venue-specific rulebooks or varied national corporate law approaches. In particular, the EU's Multiple-Vote Share Structures Directive[12] is designed around admissions to trading on MTFs, increasing the need for credible minority/retail participation safeguards where control can be more concentrated, while share-structure choices on regulated markets remain largely a matter of national discretion, further widening divergence across venue types and markets. A harmonised AGM baseline should apply across listed markets, including MTFs where companies are admitted

[12] Introduced with listing act

to trading, so that differences in venue status do not translate into an avoidable dilution of shareholder voice.

Measure 3 – Threshold for shareholder identification (0.5% option)

SRD II itself can create an impediment for individual shareholders, as it allows Member States to condition shareholder identification on a minimum holding of up to 0.5% of the issuer's share capital. This is ill-suited to dispersed retail ownership and undermines SRD's core purpose in two directions: it limits issuers' ability to reach the actual rights-holders (including cross-border), and it weakens intermediaries' obligation to facilitate identification in a reliable, end-to-end manner, notably cross-border[13]. The EC study rightly identifies that uneven national processing means by operators compounds the problem: holdings may not be aggregated across intermediaries under SRD IR, effectively circumventing the threshold. In practice, thresholds are often applied per intermediary, not on aggregated holdings, so even qualifying shareholders disappear across multi-broker holding.

BETTER FINANCE calls for deleting the optional 0.5% shareholder-identification threshold. It makes identification selective by design and, in practice, excludes dispersed retail investors (notably where holdings are split across accounts and intermediaries) thereby weakening issuer–shareholder communication in cross-border chains. Also, cost arguments should be addressed through standardisation and not by shrinking identification perimeter; as it noted the removal is expected to generate efficiencies for intermediaries active across markets.

Measures 4 to 6 – Identification, "contactability", and registers architecture

The study shows that cross-border identification is still structurally fragile: long custody chains and divergent holding/registration models mean issuers often lack a reliable, reconciled record-date shareholder view; those elements again are turning identification into a fragmented, intermediary-dependent process. In practice, issuers (and their AGM agents) cannot reliably obtain a record-date view of who must be served, nor a usable routing path to deliver SRD communications and receive voting instructions. Therefore, we are critical over "targeted" identification requests (by country/holding size) as laid out in the study, which risk becoming a workaround that multiplies formats and negotiated arrangements, thus recreating fragmentation instead of fixing the baseline.

BETTER FINANCE calls for a baseline-first approach:

[13] In Italy, where the threshold is applied (i.e. holdings above 0.5% of shares or voting rights), the EC study cites a case where identification failed for 99.9% of shareholders (19 out of 170,000 identified) – thereby excluding small shareholders and privileging controlling ones.

1. **Establish one interoperable EU baseline for record-date identification**. This means improving issuers a right to access a standardised, reconciled record-date shareholder view sourced through the CSD/intermediary chain, built on common electronic-first data fields.
2. **Impose meaningful contact routing as an SRD duty at the last intermediary.** Require the last intermediary (bank/broker) to collect, maintain and standardise purpose-limited digital contact/routing channels per shareholder account and transmit or securely route them to the issuer or the issuer's appointed AGM agent/registrar for SRD workflows (notice, questions, voting, confirmations). Shareholders should choose the channel and whether contact is direct or via secure relay but must not be deprived of SRD communications.
3. **Enable issuer-appointed agents and an interoperable register layer without new silos.** Ensure issuers can mandate independent agents to run AGM communications and voting workflows (via consolidated registrars' information), so identification and engagement are not captured as a fee-prone intermediary service. Furthermore, centralised or DLT-supported register should be leveraged to ensure beneficial owner's ability to verify they are identified and vote at AGMs, without creating proprietary issuer-specific (national) platforms. □

Intervention Area 3: Transmission of information

Turning towards issuers communication reaching the investors, AGM information and voting channels do not reliably reach end-investors in time or in usable form, especially cross-border. The Commission study links this to long custody chains, uneven digitalisation, inconsistent formats, transmission failures, and the gap between legal title and beneficial ownership. BETTER FINANCE evidence confirms the retail impact: in our 2022 cross-border AGM journey, shareholders received the meeting notice automatically in only 37% of cases (either provided by bank or issuer); in 63% they had to find it themselves, yet often too late for admission/voting steps. This is why SRD reform must rebalance the model: the issuer (or issuer agent) should be able to communicate and receive votes directly where investors choose, while intermediaries remain under a duty to transmit reliably when the chain is used.

Measure 1 – Adjust deadlines for transmission

The Commission's option to adjust deadlines speaks to a real friction point: the SRD timetable must travel through multiple intermediaries, and what the end-investor receives is often determined by internal chain constraints rather than by law. For retail investors, the tension is that "more flexibility" for the chain can easily become less time for the shareholder. Where remote voting is required very early – sometimes well before investors have full visibility on the final agenda or supporting documents – participation becomes performative rather than meaningful.

BETTER FINANCE's stance is that harmonisation must be designed around the effective end-investor window, not around legal minimums that get silently reduced by intermediary cut-offs. This requires EU-level alignment of convocation and record-date logic, paired with binding constraints (or equivalent safeguards) preventing intermediaries from privately rewriting SRD timeframes. On the record date, we support an EU-wide harmonised approach coordinated with the convocation period (the study discusses 10-15 working days or at least a minimum 10), while addressing "empty voting" risks through complementary safeguards, notably robust proof-of-entitlement and clear expectations on recall-to-vote and the handling of lending-related frictions.

Measure 2 – Strengthen transmission from issuer through the chain (GOR / ESAP / mandatory fields)

The study rightly identifies that transmission fails not only because chains are long, but because the information itself is often incomplete, incorrect, inconsistently formatted, and weakly monitored. For investors, the practical harm is straightforward: if the data package is unreliable, straight-through processing breaks, information is delayed or lost, and the shareholder is pushed into "self-service" (hunting for AGM information, reconciling documents, or guessing whether voting will be possible).

The tension here is between approaches that look technically clean but face resistance, and approaches that are politically easy but risk staying incremental. A machine-readable "golden operational record" in standard formats (e.g., ISO 20022) is operationally the most coherent solution, because it creates a single, auditable dataset that can be transmitted end-to-end. However, some issuers worry about added burden, and some stakeholders prefer a lighter approach (e.g., making optional fields mandatory) that improves forms without fully fixing accountability. ESAP, meanwhile, can improve accessibility, but from an investor lens it cannot become an excuse to shift responsibility away from intermediaries delivering AGM information to the actual shareholder.

BETTER FINANCE supports a machine-readable, auditable corporate-event record as the default backbone, combined with real auditability of whether the information was actually transmitted end-to-end. Retail investors should not have to "hunt" for AGM documents, and our evidence shows this still happens too often. ESAP can be a complementary public access layer, but it must not replace enforceable duties on intermediaries to deliver usable information to clients through standard channels, unless the shareholder explicitly chooses otherwise.

Measure 3 – Direct transmission back from shareholder to issuer (including votes)

The study's discussion of direct transmission goes to the core of investor empowerment: the "return path" for votes, attendance, and questions is still constrained by long chains, and intermediaries can effectively decide what rights are practically available (often limiting investors to proxy-based processes, with limited transparency and weak confirmations). From an investor lens, this creates

a structural imbalance: engagement becomes something the shareholder must navigate professionally, rather than something the system must reliably facilitate.

The tension is not whether intermediaries should exist, but whether they are the only route – and whether they can price or constrain engagement. Some investors do prefer not to be contacted directly, and that preference should be respected. But leaving everything inside the chain entrenches a model where engagement is a paid, discretionary service rather than an enforceable ownership right.

BETTER FINANCE therefore supports a model where shareholders have a genuine choice, but where the direct path is always usable. Concretely, this means enabling votes and engagement to be transmitted directly to the issuer's agent/registrar or to independent service providers mandated by the issuer, supported by standardised proof-of-entitlement and mandatory end-to-end confirmations. At minimum, the retail investor must be able to verify both that their instruction was transmitted by the intermediary and that it was recorded and counted by the issuer. This also aligns with a broader objective: AGM and voting "plumbing" should not be monopolised by custodians; non-financial, competitive service providers and digital tooling should be able to support AGM workflows under common standards and oversight.

Intervention Area 4: Costs and fees

By examining costs and charges for voting-related services, the Commission study partly responds to our call to assess whether AGM-related fees charged by intermediaries are duly justified. Albeit providing limited granular detail, it confirms significant fee dispersion not only between domestic settings but especially in cross-border cases. This is consistent with BETTER FINANCE's AGM-season evidence, including a rise in the occurrence of paid voting fees between 2021 and 2022.[14] For individual shareholders, fees are a direct deterrent, as they can turn participation into a paid hurdle rather than the exercise of an ownership right. This exposes the core tension: SRD II aims to ensure non-discriminatory access to shareholder rights, yet cross-border participation – i.e., when investing outside the issuer's home market – still frequently attracts higher, opaque or bundled charges, an unequal treatment that runs counter to the Directive's objective[15] and broader Single Market/ SIU logic. It further mirrors an operational issue highlighted by stakeholders: domestically, issuers often bear key AGM communication costs, whereas abroad the burden often shifted onto shareholders via intermediaries.

[14] BETTER FINANCE showcases a 28% rise in the occurrence of paid voting fees between 2021 and 2022. In 2021, 50% of cases required investors to pay (€20–250), rising to 64% in 2022 (with some fees exceeding €250).
Overall, the median participation fee amounted to about €100. Worryingly, in our extrapolated sample (accounting procedural attrition and drop-off/dismissal) paid cross-border voting could have risen to 84% of instances for EU individual shareholders.

[15] Legally, SRD II contains an inherent tension: Recital 11 states that discrimination between charges for domestic and cross-border exercise of shareholder rights "should be prohibited", while Article 3d(2) nevertheless permits differentiation, where they are "duly justified" and "reflect the variation in actual costs incurred for delivering the services".

Moreover, it is recognised that few intermediaries publish clear, comparable SRD-related fee schedules despite obligations in this sense.

However, when tackling fees, intervention should not be treated as a stand-alone transparency exercise; otherwise, disputes will persist over which services may legitimately be charged and what counts as core "SRD services". Fee outcomes are also a corollary of the other intervention areas: shareholder identification and information transmission (and therefore voting) depend on operational fixes. It should start again by enabling default issuer–shareholder cross-border connectivity via modern EU registrars. Where intermediaries remain necessary, straight-through processing still requires harmonised workflows and clearer responsibilities along the custody chain (custodians/intermediaries/brokers), so the beneficial owner is reliably reached and able to vote. Without this, "fee solutions" risk merely pricing the frictions SRD is meant to remove.

The study essentially presents two routes in intervening on cost and fees:

Route A | "Price discipline" (Measures 1-3): improve charging practices rather than prohibit them.

- **Measure 1**: define which cost components may legitimately be included in SRD-related fees.
- **Measure 2**: harmonise core service steps; where so "packages" cannot be justified.
- **Measure 3**: require a harmonised, itemised disclosure format to make fees comparable (domestic vs cross-border; core AGM voting vs optional services.

BETTER FINANCE sees these tools as a necessary minimum step in ensuring supervision and comparability. However, of transparency may still leave "cost barrier" as it doesn't remove upstream frictions. There is also an unintended calibration risk: formalising disclosure can further anchor (or even raise) fee levels. Definitions must therefore be drafted tightly so "SRD services" doesn't entrench a pay-to-vote service instead of an enforceable right, and by extension should remain strictly proportionate and non-discriminatory between domestic and cross-border shareholders).

Route B | "Rights first" approach (Measure 4): Curb monetisation of shareholder engagement.

- **Measure 4**: suggest a cap, ban, or to set a no-fee rule for core SRD services, limiting charges to genuine optional "conveniences" services.

BETTER FINANCE calls for Measure 4 to be the anchor of the SRD revision, to curb opportunistic costs through a harmonised low-to-no-fee baseline for core SRD participation both for domestic and cross-border voting (outside the issuer's home market). This is the most direct way to end discriminatory pricing and to re-assert that SRD participation is an enforceable ownership right, not a chargeable product. In fact, this would result the underlying tension where intermediaries invoke cost recovery and platform investment, while retail investors experience fees as a deterrent. Moreover, a no-fee baseline is the most credible in a properly functioning

post-trade ecosystem where issuers' rights to access a usable shareholder view (via registrars/agents) and investors' right to be identified and served are enforced end-to-end. In that context, the remaining measures should operate as anti-circumvention enforcement tools: separating core (free) functions from optional (paid) ones, preventing relabelling basics as "premium packages", and giving supervisors a clear basis to detect indirect charging. By contrast, Measure 1 should be narrowly confined (if used at all) to genuinely optional add-ons, not used to justify fees for core rights.

The EU should envisage defining a non-chargeable core SRD set of service, such as:

(i) AGM notice and meeting information delivery (directly or via a usable notification interface);
(ii) proof of entitlement/admission card (or related shareholder identification);
(iii) voting (including cross-border) with end-to-end confirmation where processed via intermediaries (via proxy); and enable power-of-attorney delegation.

We concur that only genuine "convenience services" may remain paid (e.g., translation, analytics, proxy research, or value-added delegation tooling), provided they are never a condition to access core voting and information rights.

Intervention Area 5: Reliability and supervision of proxy advisors

The EC study also addresses the reliability of proxy advisory firms. Because their recommendations are followed at scale, they can materially shape voting outcomes—and, by extension, corporate governance and stewardship. For retail investors, the influence is typically indirect (via asset managers, nominee/omnibus structures, or broker-enabled delegation tools), but it still determines how their voice is cast in practice. When advice is opaque, conflicted, or hard to contest, delegation risks becoming "blind outsourcing", undermining shareholder democracy and the credibility of stewardship, including on sustainability votes. Proxy advice is therefore not a niche service but a market-wide governance input. SRD reform should set an enforceable EU baseline that strengthens ex-ante transparency (before votes), tightens conflict-of-interest safeguards, creates workable error-correction channels, and addresses the structural risks of a highly concentrated market—so stewardship is accountable and retail delegation is genuinely informed.

The current SRD II approach (Article 3j) remains 'light-touch' and largely disclosure-based. In practice, we assess: a continued reliance on the industry's voluntary Best Practice Principles (BPP). Even when followed, voluntary principles do not reliably address key market-practice issues that matter for end-investors: uneven quality, conflicts of interest, limited contestability, and weak or time-constrained channels

for issuers to correct factual errors in a way that improves decision quality for the investors whose votes are effectively cast at scale.

What the Commission study is effectively weighing (options).

1. **Status quo**: keep Article 3j as-is and rely on the BPP alongside existing disclosures.
2. **Targeted SRD tightening**: amend Article 3j to strengthen transparency requirements (notably on rationale and information sources), clarify definitions (proxy advisor; "reliability"), and close identified gaps.
3. **EU-level baseline and enforcement**: move toward EU-normed minimum standards (EU code / minimum code requirements), potentially an EU register, and stronger EU-level oversight mechanisms for cross-border realities.

BETTER FINANCE supports moving beyond voluntary self-regulation and generic annual disclosures toward an enforceable EU framework. The objective is not to turn proxy advisors into "financial advisers" to retail, but to ensure that proxy voting research and recommendations—given their systemic market impact—meet clear EU baseline expectations on transparency, conflicts, accountability, and contestability.

First, transparency must be decision-useful at the point where voting happens, not only "policy-level" documentation. Investors and their representatives need timely, resolution-specific clarity on the rationale behind recommendations (not just methodology), on the information sources used (including what is issuer-provided vs third-party data, notably ESG data inputs), and on material assumptions or uncertainties that may affect relevance across Member States. This is particularly important where votes are executed at scale within narrow timelines, and where retail investors rely on intermediated delegation.

Second, conflicts of interest require stronger and more standardised safeguards. In practice, the most sensitive cases arise where proxy advisors (or affiliated entities) provide issuer-side services while also issuing recommendations to investors on those issuers. Disclosure alone is often insufficient; SRD reform should align with the EU's broader market-integrity logic (including separation-of-activities thinking reflected elsewhere in the EU rulebook and the ESG integrity agenda), and require robust, comparable conflict controls that investors can understand and supervisors can enforce.

Third, the framework should make issuer "factual error correction" workable, auditable, and timely—without allowing issuers to pressure substantive outcomes. A credible process should enable issuers to flag objective inaccuracies, require proxy advisors to respond within the voting timetable, and create traceability on what was corrected and why. This matters for retail end-investors precisely because inaccuracies can cascade into mass voting through stewardship chains.

Fourth, market structure must be treated as a governance issue, not an afterthought. The proxy advisory market's de facto global duopoly creates

concentration risks: correlated methodologies and data dependencies, high switching costs for clients, limited competitive pressure on quality, and vulnerability where key providers and governance structures sit largely outside the EU. This is not only a competition-policy concern; it is an investor-protection and market-resilience issue. If a small number of actors shape a large share of EU voting outcomes, the EU needs minimum standards and credible oversight mechanisms to avoid systemic "single points of failure" and to support contestability (including space for smaller EU providers).

Finally, BETTER FINANCE supports an EU-normed code of conduct (minimum standards); and not a simple reference to voluntary "best practices". Whether implemented as an EU code or as SRD-based minimum requirements that make adherence effectively enforceable, the baseline should include minimum content requirements (rationale, sources, conflicts), independent monitoring expectations, and credible escalation channels. Where cross-border provision is central and enforcement is patchy, an EU-level register and a defined EU supervisory backstop for serious cross-border issues should be seriously considered.

Remaining obstacles

In our view, the Commission's SRD stock-take correctly shows that, in practice, shareholder rights are still filtered through long and nationally divergent intermediary chains. For retail and cross-border investors, this translates into predictable failure modes: information arrives late or not at all, voting windows are shortened by private cut-offs, "services" are bundled into paid packages, and responsibility is diluted when something goes wrong. The outcome is a persistent gap between legal rights and market reality – precisely where SRD II aimed to make participation straightforward, reliable, and non-discriminatory.

To move from procedural tweaks to a functioning shareholder democracy, the next step must be treating "streamlined voting" as an SRD duty with enforceable outcomes, not a discretionary service sold by the last intermediary. This requires an enabling engagement architecture that (i) reaches the beneficial owner in practice, (ii) reduces intermediation frictions and costs through harmonised rules and digital tools, and (iii) makes the system auditable (so failures can be detected, attributed, and remedied.

Crucially, this enabling architecture must work for both routes of ownership. For direct shareholders, it means issuer-accessible record-date identification, reliable routing of AGM information, smartphone-ready voting and reusable delegation (e-PoA), and end-to-end confirmations. For fundholders, where voting is exercised through asset managers, SRD's objectives cannot be met without an operational stewardship bridge: split voting is often a practical precondition to reflect different client segments and preferences, while pass-through voting should be enabled where feasible. Otherwise, intermediated ownership remains structurally "voiceless", including where sustainability preferences are marketed but cannot be expressed at the corporate vote.

Against this background, we reiterate three main calls: (1) stop monetisation of core rights; (2) make AGM participation usable, digital and auditable; and (3) open the ecosystem to competition so engagement is not captured by intermediary "pipes".

This should translate into the following concrete demands:

1. **Make the last intermediary interface a duty, not a paid service.**

   Impose clear, enforceable service expectations on the last intermediary to deliver AGM information, voting, confirmations, and workable delegation – without "premium packages" acting as the gatekeeper to basic rights.

2. **Anchor SRD processes in the beneficial owner (operationally).**

   Adopt an EU-operational approach to "who must be served" so rights do not stop at nominee/omnibus level, and so identification, information delivery and voting workflows reliably reach the end-investor.

3. **Harmonise the real investor timetable (beneficial-owner window).**

Align convocation/record-date logic with a meaningful decision window for investors and constrain intermediary cut-offs so private deadlines cannot erode SRD rights in practice. Address "empty voting" risks through complementary safeguards (proof of entitlement, recall/availability rules where relevant).

4. **Standardise digital delegation (PoA) as a core SRD pathway.**

   Require reusable, cross-border-capable digital PoA/delegation tools enabled by the last intermediary, so representation is simple, fast, and not dependent on meeting-by-meeting paper processes.

5. **End monetisation of core SRD rights.**

   Adopt a harmonised EU low-to-no-fee rule for core SRD services at minimum cross-border, ideally all, paired with anti-circumvention rules (standard terminology + itemised disclosure) to prevent re-bundling of basics into paid bundles.

6. **Build an issuer-accessible reconciled shareholder view – and open it to competition.**

   Give issuers a right to access a reconciled record-date shareholder view sourced from CSDs/intermediaries under EU standards and governance, and to mandate issuer-appointed agents/registrars to run AGM communications and voting end-to-end – so engagement is not captured as a fee-prone intermediary service.

Call to digitalising representation through engagement: key additional enabler

7. **Make digitalisation an enforcement mechanism, not a side project.**

   Require end-to-end confirmations and audit trails that are usable for retail investors and not only STP for institutions. Any register/DLT layer must be interoperable and supervised, avoiding proprietary silos, and supporting "direct-link" routes (including smartphone-ready journeys) without recreating fragmentation.

8. **Bridge indirect shareholding and stewardship (split / pass-through voting where feasible).**

   Do not leave fundholder preference expression to voluntary, fragmented initiatives. Create EU expectations so stewardship can reflect end-investor preferences, especially where sustainability preferences are marketed, while remaining operationally workable. Split voting should be enabled as a practical precondition where pass-through cannot operate at scale, and pass-through mechanisms should be supported where feasible.

These measures should ensure that, at a defining moment for Europe's capital markets, the Savings and Investments Union translates mobilisation of citizens' savings into productive assets into restored trust, real participation, and meaningful investor voice. As European households are the largest source of

market capital, yet individual investors remain largely voiceless, facing greenwashing risks and high barriers to participation. For this union to thrive, we must embed investment within both financial resilience and societal purpose, enabling citizens to meaningfully shape the economic and environmental impact of their savings.

However, the current landscape undermines this ambition. The SRD II risks being transformed from a governance instrument into a poorly enforced technical compliance exercise. The chain of intermediation continues to obstruct rather than serve, obscuring the true beneficial owner. Crucially, this disenfranchisement extends beyond direct shareholders to the millions of indirect shareholders and retail fundholders. Despite financing the transition, these investors often lack a stewardship link to their assets. Asset managers often vote in bulk, ignoring client diversity, or not at all, leaving the end-investor's sustainability preferences (accounting in MiFID; but also, to be reflected in SFDR) disconnected from the actual corporate vote.

To reverse this, the SRD review must shift toward a Regulation-like framework. Europe needs a single rulebook to act as a digital governance backbone, ensuring that harmonisation and digitalisation are mutually reinforcing. This means enforcing EU-wide definitions of shareholders as beneficial owners and standardising record dates to eliminate the paper barriers that block cross-border engagement.

The new framework must also "de-professionalise" engagement, ensuring it does not become a full-time job for the citizen. For direct shareholders, this requires simplifying voting via hybrid AGMs as the standard and enabling the easy delegation of rights, such as power of attorney, to independent and trusted shareholder associations – while clarifying "acting in concert" so it does not impede legitimate representation. Simultaneously, for fundholders, the framework must establish a true operational bridge between stewardship and sustainability, incorporating mechanisms for pass-through voting or, at minimum, split voting capabilities that allow asset managers to reflect the diverse preferences of their underlying clients.

By placing investor empowerment at its core, the SRD review can transform Europe's market from a technical maze into a true enabler of shareholder democracy. This reform must connect corporate reporting with accountability, linking the citizen's purpose with the investor's vote. Ultimately, this is about enhancing democracy within capital markets and empowering the non-professional shareholder not just as a source of capital, but as a citizen driving Europe's transition.

BETTER FINANCE is the European federation representing individual savers, investors, and financial services users. Dedicated to promoting transparency, fairness, and accountability, it works to ensure that Europe's financial system serves the real economy and the best interests of its citizens. As a bridge between EU institutions, policymakers, and regulators on the one hand, and its national member associations on the other – each directly connected to millions of individual investors and users of financial services – BETTER FINANCE ensures that the voices and real experiences of Europe's citizens are heard at the heart of EU financial policymaking.

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Co-funded by the European Union, Iceland and Liechtenstein