

EUSURVEY - OPEN PUBLIC CONSULTATION ON THE UPDATE OF THE RULES ON SHAREHOLDER RIGHTS

1. SHAREHOLDERS

Definition of shareholder (Art. 2(b))

Q1 – To what extent does the lack of a common definition of “shareholder” in the SRD lead to legal uncertainty?

Answer: *To a large extent*

Article 2(b) of SRD II leaves the definition of the person entitled to exercise shareholder rights to Member States, resulting in a fragmented regulatory framework. The lack of a harmonised European definition of “shareholder” is one of the current framework’s most significant structural weaknesses. The SRD leaves Member States free to determine who is entitled to exercise shareholder rights, creating a fragmented landscape which leads to concrete operational difficulties, particularly in cross-border contexts.

We have repeatedly highlighted this issue as an unresolved structural shortcoming of SRD II. The lack of harmonisation between national definitions creates ambiguity in identifying the person entitled to exercise rights: in some Member States, “shareholder” coincides with the beneficial owner; in others, it coincides with the so-called nominee.

This produces particularly problematic effects in cross-border contexts, where the same holding position may be treated differently depending on the issuer's Member State, account structure, and the role of individual intermediaries in the chain. This complicates matters for issuers, intermediaries and investors, who find it difficult to determine in advance which person is relevant and which obligations must be triggered. This inevitably has implications in terms of compliance costs, reconciliation activities, documentary uncertainty and operational risk. Where national law does not recognise the end investor as a “shareholder”, intermediaries transmitting information about persons further down the chain risk doing so outside the protections afforded by the SRD II for the disclosure of shareholder data. This exposes them to legal and contractual risks.

Adopting a common definition would reduce ambiguity and associated risks, contributing to the creation of a more predictable and simpler framework. This would be consistent with the objective of facilitating the effective exercise of shareholder rights in the single market.

Q2 – In case a common definition of “shareholder” was to be introduced, which of the following definitions would you advise?

Answer: *The person on whose securities account the shares are held with the last intermediary in the chain (even where an intermediary in the chain is the nominee shareholder and holds the shares on behalf of that end-investor, end-investor definition)*

The definition of “shareholder” must be harmonised at a European level, overriding any definition provided by national legislation. To make it as legally neutral as possible, not tied to specific national holding models, the shareholder could be defined as the person who has the power to exercise the

rights attached to the shares. A definition focused on the end investor appears preferable as it more accurately identifies the person whose economic and legal interests are served by the shares and who ultimately benefits from the rights connected to the shareholding. This option is also more consistent with the transparency and engagement objectives underlying the SRD. However, it is essential that the adoption of such a definition is accompanied by clear, uniform and proportionate rules (including the operational ones) to avoid the conceptual clarification resulting in an increased application burden for intermediaries.

Identification of shareholders (Art. 3a)

Q3 – To what extent does the current right of companies to identify their shareholders facilitate the flow of information between companies, intermediaries, and shareholders?

Answer: *To a small extent*

The provisions of SRD II relating to the shareholder identification process have only achieved the intended objectives to a limited extent. Article 3a gives Member States considerable discretion and has not led to a uniform model emerging for the issuer's request and the intermediaries' response. This minimal harmonisation has created inconsistencies between the legislative frameworks of individual Member States, leading to operational difficulties in identification procedures, particularly in cross-border contexts.

In Italy, for instance, choosing to implement a 0.5% threshold has rendered the identification practically unusable, as shareholders exceeding this threshold are typically already known to issuers via other means (e.g. transparency obligations regarding major holdings). Consequently, identification requests have nearly ceased entirely.

Significant heterogeneity in application persists across Member States about applicable thresholds, operational procedures, the data transmitted and response timelines. In indirect holding structures, the right of identification is embedded in a complex chain of persons, where the quality, completeness and timeliness of the data depend on each link in the chain functioning correctly. Even where the law recognises the company's right to obtain information in principle, this right may face practical obstacles arising from differing account structures, the use of omnibus accounts, non-homogeneous formats, and partly manual reconciliation activities.

The operational burden tends to concentrate significantly on the final intermediaries, who frequently have to manage information requests within tight deadlines while working with data that is not always structured uniformly or in a way that allows for immediate reuse.

Q4 – Are you aware of any problems related to the identification of shareholders?

Problems reported:

- Companies cannot identify all shareholders they would like to identify
- Communication between companies and intermediaries is difficult (differing formats and technologies)
- The quality of shareholder information companies receive is insufficient

- It is unclear how companies can identify shareholders for shares recorded or issued using DLT
- Other

The main obstacle lies in the difficulty of verifying the validity of an identification request within the tight deadlines set by Article 9 of the Implementing Regulation, particularly when it does not originate directly from the issuer via the CSD, but from a third party. There are no upstream controls in place to verify whether the request falls within the scope of the framework (in either subjective or objective terms) or whether its content conforms to the minimum requirements set out in the tables annexed to the Regulation. In this regard, it would be appropriate to clarify the Issuer CSD's role by giving it a formal certification function with regard to the request.

The high costs reported by issuers do not arise from the fees charged by intermediaries holding the data, but from third parties that are not regulated by the SRD and operate as an 'interface' between issuers and intermediaries. The high degree of concentration of such entities is likely to impact the pricing of these services.

Q5 – To what extent would the following measures lead to an improvement?

Answers:

- **Companies' right to identify shareholders without any threshold:** *To a large extent* – In practice, the 0.5% threshold has rendered the instrument unusable in Italy. Removing any upper limit would enable the instrument to be applied effectively. However, the complete absence of a threshold would expose the chain to a potentially disproportionate volume of requests relative to their practical utility for the issuer. Therefore, an EU-harmonised threshold could be preferable.
- **EU-wide threshold for identification:** *To a large extent* – Introducing a harmonised EU-wide threshold would eliminate competitive asymmetries between Member States. It would also reduce the interpretative burden on intermediaries operating in cross-border contexts, providing a balanced solution that strikes a compromise between the need to make the instrument effective and the need to preserve its proportionality.
- **Specific obligations regarding omnibus accounts:** *Not at all* – The type of account (omnibus or registered) does not affect intermediaries' ability to respond to requests for shareholder identification. Specific additional obligations for omnibus accounts would create operational complexity without improving transparency.
- **Golden operational record:** *To a very large extent* – The golden operational record would address one of the main sources of inefficiency in the system by eliminating the need for information to be replicated, reworked or reinterpreted in different ways along the chain. This would reduce information misalignments, manual reconciliation activities and interpretative divergences. A single operational record, originating upstream and made available in standardised form to everyone involved, would improve the quality of information circulating within the chain and reduce the operational burden on its final

stages. Currently, issuers can only monitor securities account movements in connection with specific events, such as payment transactions, account operations and general meetings. A golden operational record would instead provide continuous information over time. It would also be helpful to clarify, perhaps through Commission Q&A, whether entities closest to the beneficial owner that are not yet able to communicate in machine-readable format can outsource the record production process.

- **Possibility to tailor requests:** *To a moderate extent* – While tailoring requests to meet the specific needs of the issuer may be beneficial, this must not compromise the standardisation of intermediaries' processes or result in inconsistent response procedures throughout the chain.
- **Improving direct contact with shareholders:** *To a large extent* – Direct issuer-to-shareholder channels can reduce the number of intermediate steps and improve the timeliness of information, provided they are structured in such a way that they do not create parallel channels that generate duplication or uncertainty regarding the allocation of responsibilities in relation to intermediary chain-based mechanisms, on which shareholders' entitlement to exercise their rights ultimately depends.

2. INTERACTION BETWEEN COMPANIES, SHAREHOLDERS AND INTERMEDIARIES

Transmission of information (Art. 3b)

Q6 – To what extent have the following measures contributed to the smooth flow of information between shareholders and companies? Please note that the details of the measures described are contained in Commission Implementing Regulation (EU) 2018/1212

Answer: *To a small/moderate extent (any measures)*

To achieve full STP automation of information flows, the use of standardised ISO messaging, content and protocols must extend to not only intermediaries, but also issuers and CSDs — particularly the Issuer CSD. The Implementing Regulation should eliminate the possibility of partially completing Tables 3 and 8 by making completion of all fields mandatory.

According to the SCoRE (Single Collateral Management Rulebook for Europe) roadmap, CSDs and their participants are expected to communicate exclusively via ISO 20022 for general meetings by the end of 2026. This development makes it all the more urgent to extend this obligation to issuers and unregulated third parties.

It should be noted that the current measures have mainly encouraged the rapid transmission of information, regardless of its completeness or quality. Information flow through the intermediary chain was generally functioning before SRD II came into force, and the introduced measures have not materially improved the process. Therefore, a revision of the framework should explicitly address the quality and completeness of information rather than merely prescribing transmission timelines.

Q7 – Are you aware of any problems related to the transmission of information?

Answers:

- Information does not reach recipients
- Information is received late
- Information quality is insufficient
- Communication between companies, intermediaries and shareholders is difficult
- High costs for information transmission services
- Other

Delays arise from communication issues between all parties in the chain, rather than from intermediaries' own systems. In certain cases, the information transmitted is provisional and subject to corrections issued on timelines that are inconsistent with the obligations of downstream intermediaries. In particular, the ability to partially complete the tables annexed to the Implementing Regulation leads to the circulation of provisional information that is subject to subsequent corrections on incompatible timelines. In this context, the role of the 'operator for third parties' is also relevant, namely the entity that acts on behalf of issuers within the intermediary chain without being subject to SRD II obligations. As not all such entities can communicate using the internationally agreed formats, their presence creates a structural discontinuity in automated processes that should be addressed by the revision through the establishment of a regulatory definition of this role.

Another critical issue concerns communication channels between last intermediaries and their clients. The current framework implicitly assumes a fully digitalised communication ecosystem in which the last intermediary can transmit and receive information rapidly, securely, and in a standardised form. In practice, however, particularly when dealing with retail clients, this assumption is not always met: the persistence of relationships based on traditional documentary modalities, including paper-based processes, makes it more difficult to comply with very tight timelines. The last intermediary typically bears the greatest operational burden, even though it is not necessarily best placed to manage the entire process efficiently. It would be appropriate to consider whether certain obligations could be absorbed or managed further upstream in the chain by entities with greater technical and informational capacity at the infrastructure level.

Q8 – To what extent would the following measures lead to an improvement?

Answers:

- **Mandating single standard format (STP):** *To a moderate extent* – Introducing a single European format (such as ISO) for all exchanged information would significantly reduce fragmentation in information flows, manual data transformation activities, and interpretative discrepancies currently accumulating along the intermediary chain. In a system characterised by multiple formats, practices and levels of digitalisation, the absence of a common operational language is a primary source of costs, delays and operational risk,

particularly in cross-border cases. Any standard defined must be realistic, paying particular attention to the implementation burden on banks and other intermediaries. Not all operators are currently able to communicate using internationally agreed models. Therefore, it is necessary to adopt a more uniform approach at a European level, starting with the definition of roles within asset servicing activities that are not yet covered by the existing regulatory framework.

- **Facilitating direct communications:** *To a large extent* – Provided it is structured so as not to produce information duplications or uncertainties regarding the allocation of responsibilities relative to existing intermediary chain-based mechanisms (cf. Q5), direct issuer-to-shareholder communication reduces intermediate steps and improves the timeliness of the information flow.
- **Technical solutions for automatic access to information:** *To a very large extent* – Technical solutions that enable automatic access to information, including full adoption of the ISO 20022 standard by all parties in the chain (including CSDs), reduce processing times, minimise manual activities, and improve data consistency. These solutions must be reliable, secure and interoperable, and the implementation burden must be proportionate for smaller operators.
- **DLT-based shares:** *To a moderate extent* – There has been no adoption of DLT technologies in SRD-related processes in the Italian market yet. The assessment must be technology-neutral. The relevance of DLT depends on its ability to improve the reliability, interoperability and simplicity of processes compared to existing solutions, provided that the implementation timelines are appropriate and the adaptation burden on the chain is adequately considered.

Facilitation of the exercise of shareholder rights (Art. 3c)

Q9 – To what extent have the following measures facilitated the exercise of shareholder rights? Please note that the details of the measures described are contained in Commission Implementing Regulation (EU) 2018/1212

Answer: *To a limited/small extent (any measures)*

Similar to Article 3a, Article 3c leaves broad discretion to Member States, resulting in inconsistent application. The situation differs significantly between domestic and foreign general meetings. There are ongoing issues relating to the identification of securities within the scope of application and the specifics of individual national legal frameworks, which make participation in certain foreign general meetings excessively burdensome for individual shareholders.

The measure concerning confirmation that votes have been validly recorded and counted by the company (Q9.4) merits a more favourable assessment, as it enables intermediaries to demonstrate to their clients that their instructions have been successfully processed.

Standardised notifications for corporate events (Q9.5) have a more pronounced positive operational impact as they reduce the variety of formats, content, and modes of presenting the

same information throughout the chain. Standardised notifications facilitate understanding, automated processing, and timely information transmission. This measure is particularly useful because it acts directly at the operational level, improving the system's functioning without introducing substantial new obligations that are difficult to manage, provided the adopted standards are clear, reliable, and compatible with sustainable implementation for operators.

Q10 – Are you aware of any problems related to the facilitation of shareholder rights?

Answers:

- Difficulties with cross-border use of evidence for entitlement
- Required documentation is often still paper-based
- Late, inconsistent, or incomplete reconciliation of share positions
- Differences in record dates across Member States
- Voting cut-off dates set well in advance of the general meeting
- Meeting material may be provided too close to the date of the general meeting

Problems flagged under the headings “Record dates”, “Cut-off dates”, “Convocation date” and “Meeting materials” should be viewed as elements of a sequence of dates that SRD II does not coordinate systematically. These inconsistencies can have a cascading effect, giving rise to situations in which the record date falls after the deadline for submitting voting instructions, thereby preventing the effective exercise of voting rights. A lack of transparency in post-meeting confirmations prevents shareholders from verifying the outcome of their instructions and intermediaries from reporting to their clients. General meeting management practices vary across Europe, partly due to the presence of proxy agents that make STP management difficult. Opt-in mechanisms would help to ensure that information is only sent to shareholders who are interested in receiving it.

Another specific issue arises when the relevant departments of issuers do not receive the participation notices required by the applicable rules, yet shareholders request to exercise their rights. Other types of documentation, such as a securities account balance, do not constitute proof of entitlement under SRD II. The framework does not resolve the tension between the formal application of the rules and the substantive objective of facilitating the exercise of rights.

Q11 – To what extent would the following measures lead to an improvement?

Answers:

- **Standardised proof of entitlement:** *Not at all* – Introducing a standardised proof of entitlement would address one of the main operational obstacles to the exercise of rights, particularly in cross-border contexts. Differences in documents, formal requirements and modes of attestation create uncertainty and lead to additional verification activities and significant administrative costs. For such an instrument to be genuinely effective, it should favour simple, digital and easily interoperable formats that avoid unnecessary formalities.

- **Electronic format for powers of attorney:** *To a very large extent* – Digitalising proxies for proxy holders reduces the time and cost of exercising rights across borders. The written-form requirements imposed by numerous national legal frameworks constitute a disproportionate procedural obstacle relative to the protection objectives pursued by the rule.
- **EU-wide deadlines (convocation, record dates, cut-off dates):** *To a very large extent* – The harmonisation of the sequence of key dates resolves the underlying structural problem identified in response to Q10. SRD II does not contain specific requirements for the sequencing of these dates. It is therefore necessary to define minimum EU-wide deadlines for convocation, publication of meeting materials, the record date, the cut-off date, and updating of the shareholder register. This will guarantee investors adequate time for analysis and ensure an orderly operational flow for all parties involved.
- **Requiring publication of voting results for each class of shares:** *To a very large extent* – Publishing results disaggregated by class of shares increases transparency in the post-meeting phase, enabling intermediaries to accurately report to their clients on the outcome of transmitted instructions and filling the gap identified in response to Q10.
- **Enabling instantaneous and automated receipt of vote confirmation:** *To a very large extent* – Instantaneous and automated vote confirmation would enhance transparency, reliability and trust in the voting process by reducing uncertainty surrounding the receipt and processing of instructions. It is essential that this mechanism is designed in such a way that it does not generate additional obligations and liabilities for intermediaries. The objective must be to deliver automated confirmations based on standardised infrastructure and processes with the highest possible level of automation, with functions for generating and transmitting confirmations placed with entities holding relevant data or governing the process.
- **Other:** *To a very large extent* – The implementing regulation should specify which documents issuers are authorised to accept for the exercise of shareholder rights.

Non-discrimination proportionality and transparency of costs (Art. 3d)

Q12 – Are you aware of any problems related to the fees or charges imposed by intermediaries?

Answers:

- High costs in cross-border settings disincentivise the exercise of shareholder rights
- Differences in charges between domestic and cross-border intra-EU services
- Lack of transparency as to how intermediaries calculate their charges
- Other

Article 3d has not been adequately implemented in national legal frameworks, partly due to the absence of a corresponding implementing provision in the Regulation. The Directive contains no

provision to guarantee intermediaries the right to collect fees. This right should be expressly recognised within the European framework.

The level of disclosure and comparability of costs remains limited across the EU, primarily due to a lack of harmonisation in the types of charges and detailed disclosure requirements. Charges for cross-border services are significantly higher than for domestic services due to a lack of interoperability between services in different countries.

Q13 – To what extent would the following measures lead to an improvement?

Answers:

- **Clarification of who pays for which request:** *To a very large extent* – It is essential to establish clearly which entities are required to make payment, guaranteeing intermediaries certainty in the collection of fees due.
- **Fixed charges for specific services:** *To a large extent* – Fixed charges for defined service categories make costs more predictable for everyone in the chain and reduce the scope for discretion in bilateral contractual arrangements, which currently lead to significant imbalances.
- **Standardised terminology for types of charges and services:** *To a large extent* – The absence of a common nomenclature makes it difficult to compare operators and increases the risk of contractual ambiguity. Standardisation of terminology is a prerequisite for any subsequent measure to harmonise tariffs.

Third-country intermediaries (Art. 3e)

Q14 – Are there any problems with the Directive's provision on third-country intermediaries?

Relations with non-EU intermediaries are complicated by the difficulty of obliging them effectively to comply with both the European framework and the various national implementing rules. All the main problems identified in the analysis of the current situation have occurred to a greater or lesser degree over the years: complications in identifying shareholders, delays, incomplete or incorrect information and non-transparent charges. In Italy, the principle that exercising rights attached to shares issued by Italian companies is subject to national transposition rules (the principle of extraterritorial law) is enshrined in law but largely unimplemented with regard to sanctions.

Legally speaking, it should be noted that EU Directives bind Member States and are implemented through national law; they cannot be directly applied to intermediaries established in third countries. Consequently, although the SRD II regime applies to intermediaries involved in EU securities custody chains, European authorities have limited capacity to ensure compliance where non-EU intermediaries are involved. This structural limitation is another argument in favour of transitioning to a Regulation.

Q15 – If you see any problems, which measures would improve the situation?

An intervention in the form of “soft law” (e.g. ESMA guidelines on costs and transmission obligations) could be a useful first step. In the longer term, adopting the SRD framework in the form of a regulation would guarantee a genuinely uniform application across operators in Member States, while also regulating the activities of third-country intermediaries.

3. INSTITUTIONAL INVESTORS AND ASSET MANAGERS

Q16 – To what extent is the objective of the Shareholder Rights framework of increasing the level of engagement of institutional investors and asset managers in order to improve the long-term performance of the company still relevant today?

Answer:: *To a large extent*

Since SRD II entered into force, active shareholder participation in general meetings and voting has not changed substantially. According to reports from our member banks, institutional investors and shareholders with significant holdings continue to dominate attendance, while retail investors still do not participate. The increase in information made available has not resulted in greater participation. While the engagement objective remains highly relevant, the measures adopted so far have proved insufficient.

When assessing the objective, the substantially changed regulatory context must be taken into account: the European regulatory framework has been considerably enriched with disclosure obligations, governance requirements and prudential rules applicable to institutional investors and asset managers. SFDR, MiFID II and prudential regulation already extensively govern investment strategies, decision-making processes and market transparency. In this context, the question is no longer whether to introduce further engagement-oriented obligations, but whether the existing ones are effective, proportionate, and not duplicative of other applicable European frameworks. The revision should prioritise the quality of information over its quantity and aim to rationalise the existing framework.

Q17 – To what extent have the following measures increased the level of engagement of institutional investors and asset managers?

Answer: *To a small extent (any measures)*

- **Engagement policy disclosure (Q17.1):** *To a small extent* – The obligation primarily results in the formalisation of existing approaches in writing, without bringing about a substantive change in the quality or intensity of dialogue with investee companies. The net effect is an increase in the burden of preparing, updating and publishing documentation.
- **Annual report on engagement policy implementation (Q17.2):** *To a small extent* – Annual disclosure on the implementation of the engagement policy tends to be defensive and oriented towards compliance rather than enhancing engagement with issuers. The burden of producing reports is not proportionate to the informational value generated.
- **Equity investment strategy disclosure (Q17.3):** *To a small extent* – This measure overlaps with other information obligations to which institutional investors are already subject under

other European regulatory frameworks, without providing the market with a clearer or more useful picture.

- **Disclosure on arrangements with asset managers (Q17.4):** *To a small extent* – The obligation is predominantly documentary in nature and has not had a tangible impact on the quality of interactions between institutional investors and asset managers, nor on the effective protection of end investors' interests.
- **Asset managers' annual report on investment strategies (Q17.5):** *To a small extent* – The additional annual reporting to institutional investors is being introduced in a context that is already characterised by multiple information flows, and there is a risk that it will increase the volume of reporting without improving its quality or usability.

Q19 – To what extent would the following measures lead to an improvement?

- **Expanding public disclosure:** *Not at all* – Adding disclosure obligations would increase the regulatory burden without evidence of a corresponding improvement in the quality of investment decisions or actual engagement intensity. A greater quantity of disclosure does not necessarily translate into better substantive transparency.
- **Reducing public disclosure:** *To a very large extent* – A targeted reduction of disclosure obligations would eliminate duplication with SFDR, MiFID II and prudential regulation, contain compliance costs and focus information on substantively relevant market aspects. The objective is not to reduce transparency, but to make it more targeted and essential.
- **Clarifying elements of engagement policy and equity investment strategy:** *To a large extent* – Clarifying the minimum content required reduces interpretative uncertainty and implementation costs, provided the aim is to simplify and limit the scope of the information, not expand it.
- **Turning comply-or-explain into mandatory requirements:** *Not at all* – Transforming it into rigid, generalised mandatory obligations would increase compliance costs and reduce operators' ability to calibrate their own arrangements to their business model and operating context. This would happen in the absence of evidence that the current regime is inadequate relative to the interests protected.
- **Introducing an EU-wide stewardship code:** *To a small extent* – Such an instrument would be useful as a guide provided it remains genuinely voluntary and does not introduce para-regulatory expectations or indirectly pre-empt formal obligations.

4. PROXY ADVISOR

Q20 – To what extent have the following measures improved the reliability, comparability and quality of advice of proxy advisors?

Answer: *To a small extent*

The current regime, which includes a comply-or-explain code of conduct, public disclosure of methodologies and disclosure to clients of conflicts of interest, has introduced a level of formal transparency without producing any corresponding improvements in the quality of recommendations. Proxy advisors transmit their Issuer Data Reports (IDRs) containing key data for analysing corporate governance and remuneration matters to issuers, who then have a frequently shorter than 48 hour response window. This does not allow issuers to carry out adequate checks or contribute usefully to the analytical process.

Two specific problems emerge from the experience of issuers. First, the reports frequently contain inaccuracies that require reworking by the issuer before they can be used, which defeats the object of an instrument intended to simplify the shareholder's decision-making process. Secondly, the policies adopted are excessively generic and not calibrated to the characteristics of the sector or the individual issuer. This one-size-fits-all approach reduces the informational value of recommendations and produces voting recommendations that are not adequately contextualised.

Q21 – Are you aware of any problems related to proxy advisors?

Answer:

- Accountability and transparency of proxy advisors are limited
- Enforcement of the regulatory framework between EU and third-country proxy advisors is uneven

Q22 – To what extent would the following measures lead to an improvement?

Answer:

- **Additional transparency and disclosure requirements for proxy advisors:** *To a very large extent* – Strengthening transparency obligations is the priority measure. The methodologies applied, the information sources used, and the analytical criteria applied to each category of corporate event must be made publicly available, enabling issuers and shareholders to evaluate the reliability of the recommendations received.
- **Reducing disclosure requirements for proxy advisors:** *Not at all* – Given the poor quality of the analyses produced, reducing disclosure obligations would undermine the objective of improving the regulatory framework and send the wrong message to issuers.
- **Other:** *To a very large extent* – Proxy advisors' policies must be more rigorous in terms of transparency and differentiated at least by the reference sector of the issuer. The uniform approach, which disregards both sector-specific and issuer-specific characteristics, is incompatible with the qualified guidance function that proxy advisors perform in the governance process.

5. GENERAL MEETINGS OF SHAREHOLDERS

General considerations

Q23 – What is the best format for the exercise of shareholder rights?

Answer: *Other*

See response to Q24.

Q24 – Not all Member States offer companies and their shareholders the possibility to freely choose the format of general meetings (in-person, virtual, or hybrid) and the timing for exercising shareholder rights (at or prior to general meetings). To what extent would aligning rules across the EU to allow companies to opt for the following formats lead to an improvement?

- **Other:** *To a very large extent* – In general, it would be advisable not to prescribe a mandatory format for general meetings in advance, but rather to allow companies to choose the format that is most appropriate for their specific circumstances (in-person only, virtual only, hybrid or attendance at the general meeting and exercise of voting rights solely through a company designated representative) freely, including by decision of the management body, without requiring amendments to the articles of association, while ensuring specific investor protection safeguards.

Q25 – To what extent is there a need for common EU rules on the format of general meetings?

Answers:

- **Each shareholder must be able to choose between in-person and virtual attendance (hybrid general meetings):** *Not at all*
- **Each shareholder must be able to exercise their rights during the general meeting:** *Not at all*
- **Each shareholder must have the possibility to also exercise their rights prior to the general meeting:** *To a very large extent*
- **There should be minimum standards to safeguard shareholder rights and legal certainty in the context of virtual participation:** *To a very large extent*

With regard to the exercise of shareholder rights, it is important to ensure that no limitations are imposed on these rights. However, it is not essential for these rights to be exercised exclusively during the general meeting, as they can also be exercised effectively at an earlier point in time. For instance, according to Italian legislation, provided that specific investor protection safeguards are in place, issuers can hold efficient general meetings by appointing a designated representative to exercise voting rights on behalf of all represented shareholders, in accordance with the voting instructions received from those shareholders. Priority is given to the pre-meeting dialogue process in this case, while ensuring full informational transparency for all shareholders, equal access to the necessary information for making informed voting decisions and eliminating the risks of improvisation.

Regarding virtual participation, introducing minimum technical quality, communication security and system reliability standards may be important to avoid application uncertainties and reinforce participants' confidence.

The rights of shareholders

Q26 – To what extent were the following shareholder rights strengthened by the SRD?

Answers:

- **Right to receive information prior to the general meeting:** *To a very large extent*

- **Right to put items on the agenda:** *To a very large extent*
- **Right to table draft resolutions:** *To a very large extent*
- **Right to vote in the general meetings:** *To a very large extent*
- **Right to vote by correspondence:** *To a very large extent*
- **Right to ask questions:** *To a large extent*
- **Right to appoint a chosen proxy holder:** *To a very large extent*

SRD II has been correctly transposed under Italian law, ensuring the full exercise of the above-listed rights.

Q27 – Are you aware of any problems related to the exercise of shareholder rights, among the following?

Answers:

- Not all relevant shareholder rights are provided for in the SRD, hindering cross-border investments
- Delays and inefficiencies regarding the vote casting and counting infrastructures
- Persisting practices lead to share blocking effects (operational constraints to transfer shares within a certain period before a general meeting)
- Persisting practices impede split voting

Q28 – To what extent were the following shareholder rights strengthened by the SRD?

Answers:

- **Enabling shareholders to speak at the general meeting or to submit opinions prior to it:** *To a very large extent*
- **Enabling shareholders to challenge resolutions under certain common conditions:** *To a moderate extent*
- **EU-wide conditions for attendance of shareholders and proxy holders:** *To a large extent*
- **Standardised protocols for vote casting and counting:** *To a very large extent*
- **EU-wide conditions for attendance of shareholders and proxy holders:** *To a moderate extent*

Regarding the first measure, the response “to a large extent” refers to the opportunity to submit opinions before the general meeting.

Link between directors’ pay and companies’ performance (Artt. 9a e 9b)

Q29 - To what extent is the objective of the Shareholder Rights framework of increasing the link between directors’ pay and long-term performance of the company in order to improve the long-term performance of the company still relevant today?

Answers: *To a large extent*

Q30 – To what extent have the following measures contributed to the alignment between directors' pay and long-term performance of the company, by diminishing incentives for directors to focus on short-term returns?

Answers:

- **Companies must publish a remuneration policy based on which remuneration to directors is paid:** *To a moderate extent*
- **Companies must publish a report on directors' remuneration for the most recent financial year:** *To a moderate extent*
- **Shareholder vote on the remuneration policy and reports:** *To a moderate extent*

Q31 – Are you aware of any problems related to the existing rules on the long-term performance of the company and the link between directors' pay and companies' performance?

Answers:

- **Current rules are too burdensome**

Q32 – To what extent would the following measures lead to an improvement?

Answers:

- **Binding vote of shareholders on director remuneration:** *Not at all*
- **Simplified rules on remuneration policy:** *To a very large extent*
- **Simplified rules on remuneration reports:** *To a very large extent*
- **Other:** *Don't know/no opinion*

The objective of strengthening the link between directors' remuneration and long-term performance remains fully valid. However, practical experience suggests that the current instruments could benefit from a better balance between the imposed requirements and the achieved results. In this context, simplifying the remuneration policy and report rules would enhance their effectiveness.

Related party transactions (Art. 9c)

Q34 – To what extent have the following measures contributed to minimising the possible negative impact of related party transactions?

Answers:

- **Public announcement of related party transactions (transparency):** *To a large extent*
- **Approval of related party transaction by the general meeting (shareholder involvement) or by the administrative or supervisory body:** *To a large extent*
- **Extension of transparency requirements to transactions between related parties of the company and its subsidiaries:** *Not at all*
- **Report as to whether the related party transaction is fair and reasonable (optional for Member States):** *To a small extent*

Q35 – Are you aware of any problems with the provisions on related party transactions?

Answer:

- Extensive rules on which transactions qualify as material related party transactions lead to complexity and legal uncertainty

Q36 – To what extent would the following measures lead to improvements?

Answers:

- **Specifying which transactions qualify as material related party transactions (including quantitative ratios):** *To a large extent*
- **Providing fewer options for Member States and introducing more rules on related party transactions:** *Not at all*

6. ENFORCEMENT

Q37 – Are you aware of any problems regarding enforcement?

Answers:

- Insufficient supervision by Member States' competent authorities
- Legal uncertainty, especially on scope of the SRD and definition of central concepts

The enforcement deficit is a direct consequence of the Directive's legal form: the non-uniform transposition by Member States has produced differing national frameworks, making the uniform application of the rules difficult, particularly in cross-border contexts.

Q38 – To what extent would the following measures lead to improvements?

Answers:

- **Transferring certain SRD provisions into a regulation:** *To a very large extent* – This is the key systemic intervention required. Adopting the form of a regulation would guarantee genuine harmonisation, and a second-level framework could be created to clarify the understanding and application of the rules.
- **Codes of conduct developed by the private sector:** *To a moderate extent* – Industry codes of conduct could complement the standardisation of operational processes effectively alongside regulatory instruments, rather than replacing them.
- **EU guidelines:** *To a large extent* – ESMA guidelines, particularly those on costs, charges and transmission obligations, would constitute an instrument of applicative harmonisation in the short term, pending legislative interventions. However, the content of the guidelines must be precise enough to avoid perpetuating the interpretative uncertainties they are intended to resolve.
- **Supervision by an EU authority (ESMA):** *To a moderate extent* – Supervision at European level is consistent with the cross-border nature of the framework. However, any new EU supervisory arrangements must replace existing national structures, rather than adding to

them. Overlap of competences would create additional burdens for supervised entities and cause uncertainty in the allocation of responsibilities.

- **Peer review mechanisms:** *To a moderate extent* – Peer review mechanisms for national supervisory practices can reduce applicative fragmentation without requiring complex legislative interventions, provided that the recommendations produced carry sufficient binding force or reputational weight.

7. ADDITIONAL INFORMATION

Q39 – Do you have any final comments or suggestions, e.g., on any aspects not sufficiently covered by the SRD framework?

The problems encountered when applying SRD II are mainly due to the way the Directive is legally structured, which has resulted in inconsistent transposition by Member States. A comprehensive revision should pursue the following fundamental objectives:

- The form of a regulation for the primary provisions to guarantee uniform application to all operators in the intermediary chain across all Member States.
- Full standardisation of information flows based on ISO 20022 international standards, obliging all actors in the chain, including issuers and CSDs, to adopt these standards. The SCoRE roadmap already anticipates exclusive ISO 20022 communication between CSDs and participants for general meetings by the end of 2026; it is now necessary to extend this obligation to issuers and unregulated third parties.
- Regulation of third parties acting on behalf of issuers (proxy agents and similar entities), without subjecting them to the SRD framework. This would entail defining the roles, responsibilities and remuneration arrangements of all actors.
- Recognition of the right of intermediaries to collect fees for services provided under the SRD framework, which is not currently guaranteed under European law.
- Rationalisation of disclosure obligations for institutional investors and asset managers by eliminating duplication with SFDR, MiFID II and prudential regulation, and refocusing the framework on the quality and substantive relevance of information.