Shareholder Rights Directive III

BdB position paper on Chapter Ia

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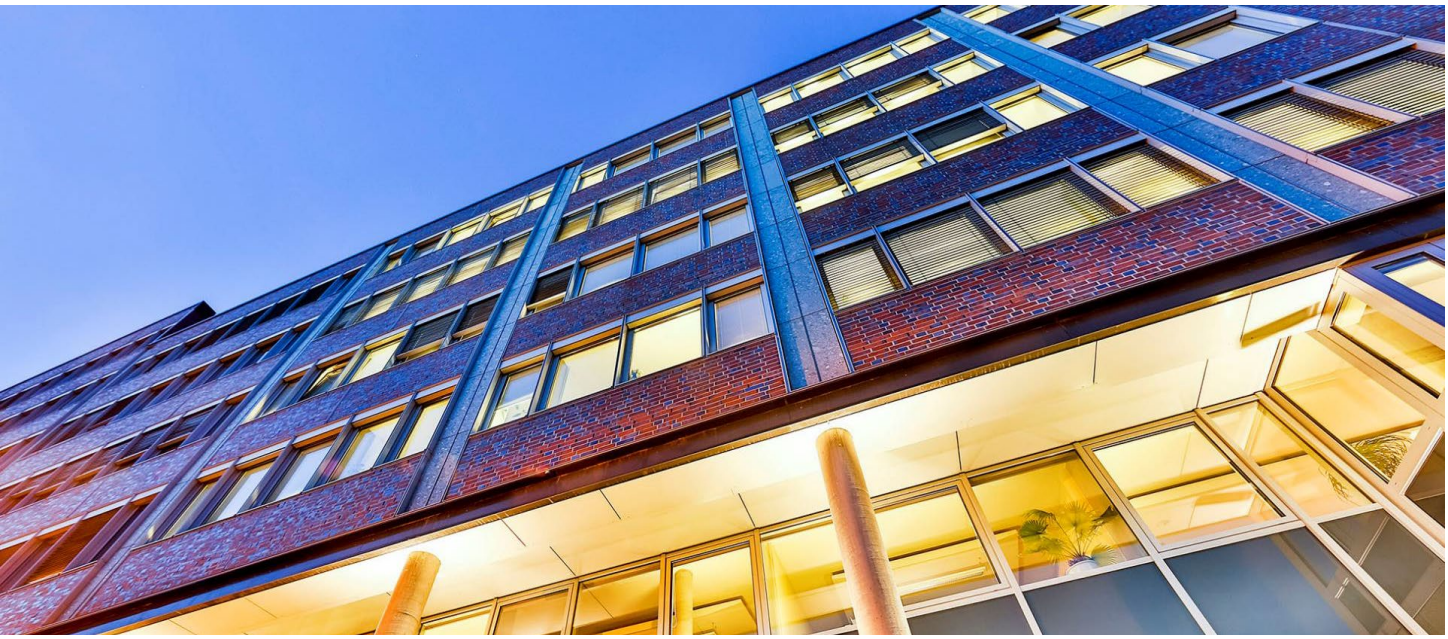

Summary

The European Commission work programme for 2026[1] includes a plan to evaluate the Shareholder Rights Directive (SRD)[2]. Germany's private banks believe that continued development of SRD II, based on the fundamental principles of the savings and investment union (SIU), will play a significant role in deepening the markets and strengthening shareholders' rights. The **key to success** is a targeted revision of Chapter Ia SRD II and the Implementing Regulation (EU) 2018/1212 (Implementing Regulation)[3]. Both must **allow for the efficient use of functioning market structures and infrastructures**. However, this can only succeed if both companies and their shareholders are meaningfully embedded within these processes. Issuers, in particular, must understand themselves as part of this infrastructure and work with intermediaries to remove existing barriers to the issuer-investor relationship, as recently described by the AMI-SeCo/SEG.[4]

[1] Annex II, No. 10, available at: https://eur-lex.europa.eu/resource.html?uri=cellar:7f0c63c8-ae8f-11f0-89c6-01aa75ed71a1.0024.02/DOC_2&format=PDbF

[2] Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (SRD I) and 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 (SRD II).

[3]Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights

[4] Available at https://www.ecb.europa.eu/press/intro/publications/pdf/ecb.amiseco202509_barriersmarketintegration.en.pdf

We therefore propose revising Chapter Ia of SRD II and the Implementing Regulation based on the following principles:

1 **Intermediaries are part of the solution.**

Intermediaries use modern infrastructure (e.g. SWIFT, ISO) that can quickly and securely transmit information using straight through processing (STP). This includes communication between the company and the shareholder, which intermediaries can organise fully automatically via STP. The chain of intermediaries is thus part of the solution.

2 **Companies must digitise.**

Companies who want to transmit information to shareholders via intermediaries must deliver their information as high quality data in an interoperable format, such as ISO, to the chain. The company, as the source of the data, is the deciding factor in whether or not the chain of intermediaries can work efficiently using STP, allowing shareholders to receive all information quickly, or whether expensive and time intensive manual processes are necessary. Every interaction and every exchange of information between the company, intermediaries and institutional investors must take place fully automatically and via STP in a standard industry format such as ISO.

3 **European statutory requirements must allow for and indeed promote fully automated processes.**

The European statutory requirements from SRD and the Implementing Regulation (EU) 2018/1212 must create conditions that allow for fully automated processes. The requirements for contents and formats in the Implementing Regulation should not create barriers that limit or even prevent processing via STP.

4 **Retail shareholders need information they can understand.**

Retail shareholders cannot be addressed in an industry format such as ISO. They must receive information in a format they can read, such as a PDF with written information. Media discontinuity when communicating with retail shareholders is unavoidable and therefore must be accepted, which in turn means taking it into account when determining deadlines and calculating costs.

5 **Companies are the cause of costs and must therefore bear those costs**

Companies are required to inform their shareholders as to significant corporate events, such as the annual general meeting and allow them to exercise their rights, such as their right to vote. If they require service providers (intermediaries) to fulfil these statutory obligations, then they must pay for the costs of these intermediaries.

1 Adopt strategies gained from practical experience

The Association of German Banks (BdB) and its members have engaged with the European initiative on strengthening shareholder rights for many years. European and national legislators initially integrated the expertise from Association of German Banks' members into the legislative process. We focused on the requirements for our members in their role as intermediaries pursuant to Chapter Ia SRD II. Once the legal requirements were in place, the Association worked together with its members to implement the new statutory requirements and examine how they worked in practice. The result of this examination was published in our Implementation Guide for SRD II and the national transposition law (ARUG II), which can be found on the Association of German Banks' website in both German and English.

BdB Implementation Guide on SRD II/ ARUG II

https://bankenverband.de/services/standards

The guide contains four modules:

- Module 0: Introduction/General part (Version 6.0)
- Module 1: Shareholder identification (Version 4.0)
- Module 2: General meeting (Version 5.0)
- Module 3: Corporate actions (Version 1.0)

The modules are updated regularly.

Module 0 was recently revised. Version 6.0 contains information on the new legal requirements as of the publication of the Regulation on the Reimbursement of the Intermediaries.[5] This law regulates which costs intermediaries can demand as reimbursement from companies when they fulfil their legal obligations pursuant to Chapter Ia SRD II (Sections 67a et seq. German Stock Corporation Act). This creates

A model for Europe

The Regulation on Reimbursement (Kostenverordnung), in effect in Germany since May 2025, can serve as a model for the rest of Europe.

[5] Federal Law Gazette I 2025 No. 104, see also Kurvenlage I/2025, P. 54, published by DAI:

legal certainty for both parties.[6] Intermediaries can issue invoices in accordance with the lump sums listed in the regulation. Companies thus know which costs they can expect if, for example, they make a shareholder identification request. This type of reimbursement regulation can therefore serve as a model for a European regulation.

Our goal is to share our experiences in dealing with SRD I and SRD II as part of the discussions on SRD III. We therefore propose the following.

2 Proposals for SRD III

2.1 Amend Recital 4: the chain of intermediaries makes communication between the company and shareholders possible.

Recital 4 of SRD II identifies "complex chains of intermediaries" as a problem, which is an error. In fact, quite the opposite is true: it is the intermediaries and functional structures, such as the SWIFT network, which allow ISO messages to be exchanged using STP, thus making it possible for companies and their shareholders to communicate in the first place. This applies primarily to companies that have issued bearer shares. But even public companies with registered shares require a chain of intermediaries in order for their shareholders to participate in corporate actions and dividend payouts. The intermediaries do not just transmit relevant information along the chain of custody, they also allow shareholders to exercise their stock rights, post proceeds and even credit dividends to a shareholders account. This can all be done very quickly thanks to efficient, secure STP processes. We therefore call for sentence 1 of recital 4 to be removed and for sentence 2 to be amended as follows:

~~Shares of listed companies are often held through complex chains of intermediaries which render the exercise of shareholder rights more difficult and may act as an obstacle to shareholder engagement.~~ "Companies are often unable to identify their shareholders without cooperation from intermediaries."

[6] "The new rules for reimbursing costs for forwarding information are very welcome. The legal certainty gained via the new German Reimbursement Regulation allows for standardised invoicing of costs with European intermediaries and avoids unnecessary burdens on all parties."

2.2 Companies must be required to engage in fully automated processes and to work with ISO or ISO-compatible formats.

Information is generated by companies

Companies are legally required to provide information to their shareholders and are therefore responsible for the quality of the information. Intermediaries simply transmit the information provided.

The company is always the one to initiate a corporate event. It issues invitations to a general meeting or initiates corporate actions. In addition, the company is the source of any information on such corporate events, information that must be provided to the shareholder. The role of the intermediary is limited to transmitting the information they receive from the company. When explained in this manner, it becomes clear that a company must be the one to initiate transmission via STP. The company must provide the chain of intermediaries in a format and data quality that allows for fully automated processing. If it does not, intermediaries cannot transmit said information via STP. If one of these two prerequisites is not fulfilled, the process has already been disrupted at the point of communication between the company and the intermediary, and fully automated transmission of the information is no longer possible.

Companies are responsible for data quality

Companies must deliver high quality data to the chain of intermediaries. Retroactive corrections, for example to the time the general meeting will be held, mean that multiple notifications must be sent, an expensive prospect!

Practical problems arise when companies or their service provides transmit data that does not meet the necessary data quality requirements to the chain of intermediaries. The AMI-SeCo report on current post trade barriers[7] describes this problem extensively in Chapter 4 under the heading "Barriers in the issuer and investor relationship." One recommended solution to this problem is for European legislators to amend existing laws with the goal of requiring companies and their service providers to provide standardised and high-quality data sets.[8]

Article 2 of the Implementing Regulation should therefore be amended along with SRD II. The obligation to transmit information via electronic and machine-readable formats in accordance with Article 2(3) Implementing Regulation must also apply to the company, the source of the information. In addition, the amendment must ensure that companies are required to provide information of a sufficient quality. We therefore propose amending Article 3(2) accordingly.

If the company is to receive information from the shareholder, for example if the shareholder wishes to exercise their right to vote or their stock rights, they must be able to receive and process ISO messages. This requirement is particularly relevant in regard to information from institutional investors. Institutional investors, such as capital management companies, are generally part of the chain of intermediaries and, just like intermediaries, use ISO formats. They can transmit voting rights' instructions to the company along the chain via STP and can then automatically evaluate fully electronic voting rights confirmations in ISO formats in order to fulfil the obligations arising from Chapter Ib. Currently, in practice, these processes are often completed manually, as companies and their service providers do not communicate in ISO or ISO-compatible formats. Article 2 Implementing Regulation should therefore also require companies to accept interoperable formats.

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[7] Available at https://www.ecb.europa.eu/press/intro/publications/pdf/ecb.amiseco202509_barriersmarketintegration.en.pdf

[8] See also Barrier 8 and recommendations (Page 31-33), available at: https://www.ecb.europa.eu/press/intro/publications/pdf/ecb.amiseco202509_barriersmarketintegration.en.pdf

2.3 Call for review: should the scope of application of SRD II be expanded to include non-listed companies?

Efficient post trade processes are achieved via standardised and fully automatic processes. For intermediaries that serve as depositories for shares and are therefore required to organise their settlement and custody, it makes no difference whether the shares are listed or not. In both cases, the shareholder must be informed and provided a path to participation. SRD II, however, only requires listed companies to fully automate their processes. This means that intermediaries must make use of two entirely different processes: standardised and fully automated processes for listed companies and largely manual processes for non-listed companies. This is inefficient and costly. We therefore call for a review of the scope of application: could it be expanded to include at least some non-listed companies? For example, those non-listed companies that have deposited their shares with a CSD.

2.4 The SRD and the Implementing Regulation must remove barriers that prevent or impede fully automated processing.

Both SRD II and the Implementing Regulation contain provisions that impede fully automated processing. These requirements should be amended:

2.4.1 Shareholder identification: Article 3a(2) SRD II should be removed.

2,500

shareholder queries

were made and answered across the EU in 2023, 2023 and 2025 using fully automated processes.[9]

Shareholder identification in accordance with Article 3a SRD II has, since implementation of SRD II, been established in national law. The disclosure process via STP is quick and seamless in the majority of cases. The company usually hires a service provider, who sends the query to the chain of intermediaries and the last intermediaries send the data back to the shareholder. If the company does not wish the entire shareholder structure to be disclosed, they can limit the query in a variety of ways.[10] Intermediaries can reproduce this query provided that the desired disclosure can be carried out by means of fully automated processes.

Problems arise when companies demand information in accordance with Article 3a(3)(2) SRD II, that is they demand that shareholder data be collected via other intermediaries, and not sent directly to them. This poses questions regarding data protection, as intermediaries must disclose the data to other intermediaries, who, unlike the company, do not have a right to the data arising from Article 3a SRD II. There is therefore no legal basis for data processing in accordance with Article 6(1) lit. c GDPR. If intermediaries encrypt the data sets in order to maintain data protection, they can no longer disclose the data via STP. We therefore call for the removal of Article 3a(3)(2) SRD II. In addition, it should be clarified that data may only ever be transmitted directly to the company.

[9] Shareholder queries processed by Clearstream Europe AG.

[10] See Association of German Banks' Implementation Guide for the German Market module 1 (Shareholder Identification) III.1.a.

2.4.2 Shareholder identification: the threshold in Article 3a(1) sentences 2 and 3 SRD II should be removed.

Statutory thresholds rob the company of the option of communicating directly with all shareholders via shareholder identification. Removal of statutory thresholds would also make it is easier for intermediaries to create processes to answer disclosure queries. Removing these sentences would mean there is no need to check whether or not the percentage of shares held is actually met. The company would still be free to limit their query.[11]

2.4.3 Shareholder identification: the information regarding the date from which shares have been held in Table 1 field 8 and Table 2 field 12 in the Implementing Regulation should be removed.

In practice, there is often no way to provide a single purchase date for the total position reported. The Market Standards for Shareholder Identification[12] therefore recommend, in Annex II under Q&A 2.2, always entering the date of the initial purchase. Doing so makes requirements from the Implementing Regulation manageable in practice. This date must be manually assigned to the data set, meaning that the disclosure query cannot be answered via STP. We therefore call for the removal of field 8 in Table 1 and field 12 in Table 2.

2.4.4 Further proposals for shareholder identification: information on the recipient in the disclosure query (Table 1 Implementing Regulation)

Table 1 in the Implementing Regulation should be expanded to add a field in which the issuer is required to enter their VAT identification number. Intermediaries able to demand reimbursement for shareholder identification from issuers require this information for their invoices, as the VAT identification number must be part of an invoice in accordance with Article 226 of Directive 2006/112/EG. Requiring this information in an application for disclosure would represent significant relief in practice.

In addition, a mandatory field should be added to Table 1, in which issuers must provide the e-mail address to which invoices can be sent. This would also provide significant relief to intermediaries that can demand reimbursement.

2.4.5 General meeting: Table 3 should be filled in completely, and additional mandatory fields should be added.

The initial remarks on Table 3 in the Implementing Regulation only require intermediaries to forward blocks A to C in the invitation. This includes the URL that shareholders can use to view items on the agenda (block E). There is no requirement to forward these items. If companies make use of this option and only transmit the required information, that is information in blocks A to C, to the chain of intermediaries, STP processing becomes impossible.

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[11] See footnote 9

[12] Available at https://www.ebf.eu/wp-content/uploads/2020/07/1_SRDII_Market-Standards-for-Shareholder-identification.pdf

To process information via STP in an interoperable format, from the company to the shareholder, it is essential that Table 3 be filled completely, including all blocks. This is the only way for the last intermediary to automatically read and process all information. If intermediaries or shareholders are required to open a URL in order to access information, then by definition STP processing is not taking place. This is also true for exercising voting rights. Intermediaries can only allow their clients to exercise voting rights in a fully automated manner if Table 3 is filled out completely. The initial remark should therefore be adjusted accordingly and companies should be required to fill out all blocks (A to F).

Table 3 in the Implementing Regulation should be expanded to add a field in which the issuer is required to enter their VAT identification number. Intermediaries able to demand reimbursement for transmitting information on the General Meeting from issuers require this information for their invoices, as the VAT identification number must be part of an invoice in accordance with Article 226 of Directive 2006/112/EG.

An additional required field should also be added to Table 3, in which issuers must provide the e-mail address to which invoices can be sent. This would also provide significant relief to intermediaries that can demand reimbursement.

2.4.6 General meeting: confirmation of entitlement via Table 4 Implementing Regulation must be accepted across borders

Confirmation of entitlement in accordance with Table 4 Implementing Regulation EU 2018/1212 is only accepted (across borders) in a few member states, for example Germany and Austria. As such, confirmation of entitlement in accordance with the Implementing Regulation is, in practice, hardly in use. In order to change this, SRD III and/or the Implementing Regulation should be amended to state that confirmation in accordance with Table 4 Implementing Regulation is sufficient proof of entitlement.

2.4.7 General meeting: the information in Table 5 of the Implementing Regulation is not sufficient.

In Table 5 of the Implementing Regulation, there is no field in which information can be provided as to how many shares the notice of participation pertains to. If this information is not provided, the notice of participation is, in practice, unusable, because the company does not know how many shares the shareholder has voting power for. Table 5 should therefore be expanded to include this information, using Table 4 block B as a model. Table 5 should also be expanded to include a field for entering the record date (see Table 4.B.1. [Record Date]) for companies that require proof of shareholding for a notice of participation. There would then be no need to transmit confirmation of entitlement (Table 4) separately, which would represent significant relief for both intermediaries and companies.

In addition, an optional field should be added to Table 5 so that the e-mail address of the shareholder or the proxy can be provided with the notice of participation. If there is such an e-mail address, and it is entered into the table, the company can transmit confirmation of participation to the shareholder electronically. This will speed up the notification of participation process significantly, particularly in cases of cross-border communication, and make it easier to exercise voter rights. In light

of the fact that Denmark's postal service stopped delivering letters on 1 January 2026, e-mail, as an alternative to post, is becoming a more important option, one that is accessible across Europe.

2.4.8 Corporate events other than the general meeting: the flexibility provided by Table 8 of the Implementing Regulation should remain intact.

There are no amendments needed for corporate events other than the general meeting, such as capital measures. Indeed, the flexibility provided by Table 8 should be maintained at all costs. This is due to the broad range of capital measures with a wide variety of different requirements. There is no way to achieve an exact, detailed rule for every measure via rigid statutory requirements. This is why the Market Standards for Corporate Actions have become standard on the market.[13] All corporate events – including cross border events – in Europe, with the exception of the general meeting, have been processed smoothly using these standards since 2012. The amendments to SRD and the Implementing Regulation should take this into account and not introduce any additional requirements.

2.5 Retail shareholders need information they can understand.

SRD III, or at the very least Article 2(4) Implementing Regulation, must clarify that retail shareholders cannot be informed using ISO or ISO compatible formats. Last intermediaries that interact with retail shareholders are therefore not just required, but also have the right to prepare information for retail shareholders that they have received from the company via STP. In most cases, this will be plain text in which information from the ISO or ISO compatible format can be read, in order to allow the shareholder to exercise their rights. The conversion into a readable format by the last intermediary for the retail shareholder must be taken into account in the deadlines listed in Article 9 Implementing Regulation and in rulings on costs.

Deadlines must be flexible!

The deadlines listed in Article 9 Implementing Regulation must be more flexible, in order to better connect European requirements with national company law.

The provisions in Article 9(3) Implementing Regulation must be more flexible. This can be achieved by removing sentence 2. The term "without delay" in sentence 1 is open to interpretation. In Germany it means, among other things, "without culpable delay" (Section 121(1) German Civil Code (Bürgerliches Gesetzbuch)). This would allow last intermediaries to prepare information for the retail shareholders, i.e. to create plain text that a shareholder can understand from the raw data provided to the last intermediary. This would also solve a problem caused by the fact that various national corporate law requirements run in parallel to Article 9(1) Implementing Regulation.

In accordance with Article 9(1) Implementing Regulation, the company is required to transmit information published in accordance with current national law to intermediaries on the next business day. The intermediaries, in turn, in accordance with Article 9(2)(2) Implementing Regulation are required to transmit this information without delay, but at the latest on the next business day. In Germany,

[13] Available at https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/casg/ecb.targetseccasg120606_MarketStandardsForCorporateActionsProcessingCAJWGStandardsRevised2012Updated2015.en.pdf?5a5c8308c24a6618ed600daf627df86c

this strict deadline means that an announcement regarding the general meeting, which is generally published 37 days before the general meeting in the Federal Gazette[14], must be provided to the chain of intermediaries on the next day. This information is then transmitted to the last intermediary via STP. If the last intermediary is required - as is currently the case in accordance with Article 9(3) - to transmit the information directly to the shareholder, then the shareholder will receive an invitation to the general meeting long before the record date used for bearer shares to determine the right to participate in the general meeting.[15] This could lead to shareholders registering for participation in the general meeting who, at the time of the general meeting, do not (any longer) have the right to participate in the meeting, because they sold shares before the record date. Or, they might try to register for the general meeting before the record date and thus be unable to do so. If the last intermediary was allowed to wait "without culpable delay" until the record date and then send the invitation to the general meeting to the retail shareholder, the process would be much more efficient. In addition, this would avoid unnecessary costs caused by duplicate notifications.

3 The company bears the costs for informing its shareholders (Article 3d SRD III).

The new Article 3d SRD III must, first of all, guarantee that the company bears the costs for informing and identifying shareholders. The company and no other party is required to provide information to its shareholders and allow them to exercise their rights. Intermediaries, on the other hand, act as service providers to companies when they transmit information from said companies via the chain. Even if intermediaries are legally required to transmit such information, this does not change the fact that they are providing a service to the companies, and must be reimbursed for said service. There is no objective reason for the provision of this service to be carried out without reimbursement. Therefore, Article 3d(3) SRD II must be removed. This also applies to disclosure of shareholder data in accordance with Article 3a SRD II. Disclosure takes place solely in the interest of the company and on its request. As such, there is no clear reason for intermediaries to carry out the service they have been contracted for without reimbursement.

Article 3d(1) SRD II should clarify that a "disclosure of charges" is unnecessary if the amount charged is determined by a national law or regulation.

[14] See also Section 123(1) German Stock Corporation Act

[15] In Germany and in accordance with Section 123(4) sentence 2 German Stock Corporation Act, this is the 22nd day prior to the general meeting.

DAI

See also Kurvenlage I/2025, P. 54, publisher DAI: "The new rules for reimbursing costs for forwarding information are very welcome. The legal certainty gained via the new German Reimbursement Regulation allows for standardised invoicing of costs with European intermediaries and avoids unnecessary burdens on all parties."

Germany introduced a reimbursement regulation in May 2025.[16] This fulfils the national legislative requirement according to which the company must bear the costs for providing information to shareholders and shareholder disclosure (Section 67f German Stock Corporation Act) and determines lump sum fees for reimbursement. Companies and intermediaries alike called for the introduction of this regulation, as it creates legal certainty for both parties.[17] Intermediaries can issue invoices in accordance with the lump sums listed in the regulation. Companies thus know which costs they can expect if, for example, they make a shareholder identification request. In addition, the regulation provides an effective mechanism for limiting the total costs borne by issuers for shareholder identification. This type of reimbursement regulation can therefore serve as a model for a European regulation.[18]

4 Conclusion

The revisions to Chapter Ia SRD II should focus on improving processes. In particular, the amendments must ensure that companies, as the catalysts of corporate events and source of information, have significantly more obligations in regard to these processes. They owe their shareholders information and are required to allow them to exercise their rights. This must be clearly set out in the provisions within Chapter Ia. Intermediaries, as service providers to companies, should only be obligated when helping companies to fulfil their statutory duties, e.g. when they are transmitting information from the company to the shareholder. How efficiently intermediaries can fulfil their role is solely within the province of the company. Only if companies deliver the data required to the chain of intermediaries in an adequate quality can intermediaries process the data via STP.

In practice, efficient processes are often limited by additional bureaucratic hurdles. Most of these hurdles arise from national corporate laws. This applies, first and foremost, to the transmission of voting right instructions. Requirements to use the written form (in Germany, this means a signed, physical document) or other specialised requirements make it more difficult for shareholders to exercise their rights. For intermediaries, a requirement to use the written form creates significant burdens, as it completely removes the option of using any form of STP, right from the beginning of the process. We therefore call for the SRD III to implement a minimum standard which makes it possible to take part in the general meeting across borders and without any additional effort.

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[16] Regulation on the Reimbursement of the Intermediaries for Expenditures (Intermediäre-Aufwendungsersatz-Verordnung, IntermErsAufwV) (Federal Law Gazette I 2025 No. 104)

[17] See also Kurvenlage I/2025, P. 54, publisher DAI: "The new rules for reimbursing costs for forwarding information are very welcome. The legal certainty gained via the new German Reimbursement Regulation allows for standardised invoicing of costs with European intermediaries and avoids unnecessary burdens on all parties."

[18] For more information, see the Association of German Banks' Implementation Guide on SRD II/ARUG II, module 0, available in German and English at https://bankenverband.de/services/standards

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