

AFME views on the Review of the Shareholder Rights Directive II (SRD II)

Towards an EU Framework Empowering Investors

7 October 2026

Executive Summary

The Association for Financial Markets in Europe (AFME) fully supports the European Commission's upcoming review of the Shareholder Rights Directive (SRD) and calls for a high level of ambition to ensure that this review delivers meaningful outcomes for investors and issuers and further facilitates their engagement in European capital markets.

To achieve a simpler, more efficient, and investor-focused framework in Europe, we believe the review should:

- **Deliver greater harmonisation** through a more integrated EU framework by:
 - *converting the SRD into a directly applicable Regulation*, in order to reduce fragmentation arising from divergent national implementation.
 - *introducing a single harmonised definition of "shareholder"* to improve legal certainty and consistency in the exercise of shareholder rights.
 - *expanding and harmonising the scope* of the current framework to include all financial instruments issued by a European Central Securities Depository (CSD).
- **Improve the quality, completeness and timeliness of the information provided at source through the establishment of a "Golden Operational Record"**. This would enable more efficient and reliable information flows, facilitating the communication between issuers and investors, and help ensure shareholders receive complete and reliable information in time to exercise their rights.
- **Support a more standardised and machine-readable information flow across the custody chain¹**, including by encouraging the consistent use of ISO 20022 for shareholder identification and general meeting processes.
- **Simplify duplicative or unnecessary procedural steps** such as national registration requirements and remove proof of entitlement and power of attorney. The possibility to set thresholds for shareholder identification should also be removed.
- **Harmonise and modernise general meeting rules** across the EU, including by:
 - *supporting hybrid general meetings*, with clear and consistent minimum standards for virtual participation.
 - *removing proof of entitlement and power of attorney documentation requirements*.
 - *introducing harmonised EU timelines for record dates*, promoting voting instructions ahead of the general meeting and facilitating the timely exercise of investor rights across borders.

¹ Throughout this paper, we use 'custody chain' and 'intermediary chain' as synonyms.

1. Intermediaries at the Heart of Europe's Capital Markets

The review of the SRD framework provides an opportunity to continue removing obstacles affecting the efficient functioning of the custody chain, the operational infrastructure through which shareholder rights are exercised in practice.

While the operational processes² intermediaries support often remain invisible, they are fundamental to ensuring that capital markets function effectively. This will become even more important as European markets transition to T+1 settlement³, which will compress post-trade timelines, further increasing the importance of timely, standardised and automated information flows across the custody chain.

Our members have therefore a unique operational perspective on where today's framework functions effectively and where unnecessary barriers, detrimental to the investor experience, continue to exist. Their experience suggests that many of today's challenges result from fragmentation across Member States, including divergent national implementation, which ultimately affects the quality and consistency of the services delivered to issuers and investors.

A well-functioning custody chain has a positive impact on the overall shareholder experience and benefits the market as a whole: issuers are able to communicate effectively with their shareholder base, and investors receive complete and timely information allowing them to exercise their rights with certainty.

Ultimately, this facilitates investor participation, enhances legal certainty and creates a more consistent investment experience across the European Union.

Against this background, the recommendations set out below aim to support the development of a more efficient framework designed to improve communication between issuers and investors, facilitating investor participation, thereby contributing to fostering deeper, more integrated and more efficient European capital markets, in line with the objectives of the SIU.

2.1 Building a Harmonised and Effective EU Investor Rights Framework

AFME believes that this review is an opportunity to establish a more integrated EU Investor Rights framework in three complementary ways: **(i) replacing the SRD with a directly applicable Regulation; (ii) broadening its scope; and (iii) introducing a single harmonised definition of "shareholder"**.

i. A directly applicable Regulation

AFME strongly supports converting the current Directive into a Regulation. Recourse to a Regulation can significantly reduce gold-plating, enhance legal certainty and contribute to the objectives of the SIU, such as facilitating cross-border investment, improving the efficiency and resilience of European capital markets, and meaningfully enhance investor rights.

The implementation of the SRD has indeed resulted in divergent national transposition and different legal interpretations, alongside varying operational practices, many of which pre-date the Directive. As a consequence, market participants frequently need to adapt operational processes on a jurisdiction-by-jurisdiction basis despite performing exactly the same functions.

² E.g. Shareholder identification requests, corporate event announcements, voting instructions.

³ Settlement is the process through which a securities transaction is completed by transferring the securities to the buyer and the corresponding payment to the seller. T+1 settlement means that this process takes place one business day after the trade. The EU will transition to T+1 settlement from 11 October 2027, pursuant to Regulation (EU) 2025/2075 amending Regulation (EU) No 909/2014 (CSDR).

This fragmentation creates unnecessary complexity for all participants involved in the shareholder rights process and ultimately affects investors, who continue to experience different shareholder rights procedures depending on where they invest or where their securities are held. This fragmentation is not limited to investors, but also to issuers, where they are restricted to identify their shareholders under the implementing act of SRD II.

ii. A broader and more consistent scope

As a result of differences in the national transpositions of SRD II, the types of securities that fall within its scope may vary across Member States. SRD II gives them the option to include the interests in investment funds within the scope of SRD II requirements. In at least one Member State, national authorities have decided to apply SRD II requirements to other financial instruments, namely corporate bonds, that do not formally fall within the scope of SRD II. In several countries, there is uncertainty as to the scope of depositary receipts, either directly, with depositary receipts being categorised as in-scope securities, or indirectly, with a holder of a depositary receipt being identified as a shareholder of the underlying shares.

Differences in the scope of securities create problems; it may not be clear to an intermediary, custodian or end investor located in a different country which securities fall within the scope of the requirements, and which do not. For example, an issuer located in a certain country may issue corporate bonds in a different one, which may consequently be subject to a different national legal framework. Uncertainty as to the applicability of the requirements creates both a risk of a lack of compliance, and a risk of over-compliance.

Market participants would benefit from a clear definition of what is in scope and out of scope, in a way that this is harmonised across all EU jurisdictions. Such harmonisation should not be achieved by limiting the framework to listed shares, as intermediaries would continue to apply different operational processes to different types of securities.

In this context, AFME supports extending the scope of the framework to all financial instruments deposited with CSDs, namely non-listed equities and debt securities such as corporate bonds. They represent important channels through which European companies raise capital and investors participate in EU capital markets, yet they may currently be subject to different operational requirements across Member States.

Securities deposited with CSDs already benefit from established post-trade infrastructure and harmonised settlement processes, making them the most appropriate reference point for determining the scope of the regime. Some Member States already apply elements of the SRD framework to financial instruments beyond listed shares, demonstrating that a broader scope can be accommodated within existing market processes.

iii. A common definition of shareholder

Today, SRD II does not establish a harmonised definition of shareholder. Under the Directive, a shareholder is the natural or legal person recognised as such under the applicable national law. As a result, different Member States continue to apply different definitions of shareholder.

This is particularly problematic for cross-border investment, which the SIU aims to promote, where the custody chain may involve several intermediaries across different jurisdictions. This increases the possibility that a party higher up in the custody chain is recognised as the shareholder rather than the end investor under the applicable national law, creating both legal and operational difficulties for shareholder identification. In fact, where this happens, an issuer may not have a legal right to obtain information about persons or entities further down the custody chain and end investors' rights may be unclear if national law does not recognise them as the "shareholder".

At the same time, the intermediary providing the information may not benefit from the legal protections under SRD II regarding the disclosure of such information, exposing them to a

potential breach of legal or contractual obligations. As a result, the shareholder identification process may stop before reaching the end investor, with two main consequences:

- The issuers are prevented from obtaining a complete view of the shareholder base: where national legislation is unclear, the lack of clarity regarding intermediaries' ability to rely on data privacy safe harbour protections increases the likelihood of this happening;
- The end investors may face obstacles in exercising their rights (e.g. in the case of general meetings, information may not be required to be transmitted further down the custody chain, preventing the exercise of voting rights, or end investors' ability to exercise their rights may be unclear under national law).

AFME strongly supports the introduction of a common definition of shareholder based on the end investor (or ultimate account holder). This would improve legal certainty, enhance data consistency, reduce operational errors and facilitate more efficient information flows throughout the custody chain. Ultimately, this would contribute to a more consistent investor experience across Europe, irrespective of where securities are issued, held or serviced.

Importantly, the same definition should apply consistently across all shareholder rights processes.

2.2 Improving information at source

While the industry has developed sophisticated operational systems capable of transmitting information rapidly and securely across multiple intermediaries, these systems can only process and transmit the information that they receive. Where issuer announcements are incomplete, inconsistent or published progressively, inefficiencies occur throughout the entire custody chain.

In practice, incomplete issuer notifications generate clarification requests, repeated announcements, manual intervention and unnecessary reprocessing. Investors may receive multiple communications relating to the same corporate event before sufficient information is available to make an informed decision, while issuers also face follow-up requests.

In this context, AFME strongly supports **strengthening the concept of the Golden Operational Record (GOR)**.

The GOR is a market-standard⁴ concept to ensure that complete operational information on a corporate event is available at source and can be processed and transmitted efficiently throughout the custody chain. More specifically, the GOR constitutes the first operational notification provided to intermediaries, combining information originating from the issuer or its agent (the "Golden Source") with relevant data added by the first intermediary, intended as the Issuer CSD. Together, this information should form a complete operational record containing all the data necessary to allow automated and straight-through processing (STP) distribution through the intermediary chain. The GOR hence represents a broader operational principle designed to improve the quality, consistency and completeness of information flowing throughout the custody chain, rather than a shareholder identification measure per se.

SRD II already establishes requirements⁵ concerning the information to be provided and transmitted in relation to corporate events. However, the current framework does not require a complete GOR. In particular, the minimum requirements in Table 8 Section A within the

⁴ the GOR concept was developed by the Industry Task Force on Golden Operational Record (GOR-TF), established under the SRD II Industry Steering Group. The GOR-TF is an informal group of industry experts representing private-sector stakeholders involved in the operational processes supporting the effective communication flow between issuers and investors.

⁵ Article 3b of Directive 2007/36/EC establishes the general framework for the transmission of information from the company to shareholders through the chain of intermediaries. For corporate events other than general meetings, these requirements are further specified in Article 8 of Commission Implementing Regulation (EU) 2018/1212 and Table 8 of its Annex, which set out the minimum information and data elements to be provided and transmitted.

Implementing Regulation do not ensure that all the operational information necessary to process a corporate event is contained in the information provided at source. Where information is missing or incomplete, intermediaries may need to retrieve the relevant data from issuers' websites, subsequently verify and enrich that information before the event can be fully processed and transmitted through the custody chain.

Establishing a full GOR would enhance the efficiency of a much broader range of asset servicing activities, including corporate actions processing, voting, reconciliations and shareholder communications. By improving information at its source, the need for subsequent updates, clarification requests and manual intervention throughout the custody chain would be significantly reduced.

To fully realise these benefits, the Golden Operational Record should become the standard for all core operational information required throughout the shareholder rights lifecycle. Concretely, the information currently contained in **Blocks A, B and C of Table 8 of Annex I to the SRD II Implementing Regulation** should be mandatorily included in issuer announcements and extended to include all available data within the ISO 20022 data dictionary. Communication between the issuer or issuer agent and the Issuer CSD takes place using standardised and machine-readable formats to support straight-through processing, so that complete, accurate and consistently structured information enters the custody chain from the outset. We therefore recommend the use of ISO 20022 data dictionary for communication between the issuer or issuer agent and the Issuer CSD. This would facilitate the onward transmission and processing of information through the custody chain, reducing the need for subsequent data enrichment or manual intervention.

2.3 Improving information flows across the custody chain

SRD II has established requirements for information to be transmitted in standardised and machine-readable formats to support straight-through processing of information⁶. To support compliance with these requirements and facilitate STP, the industry developed ISO 20022 messaging standards for shareholder identification and general meetings, through the Securities Market Practice Group (SMPG), to facilitate the transmission of information for these processes.

However, their adoption and application remain inconsistent across the market, with important differences regarding how operational information is structured, communicated and processed across European markets still existing.

In practice, some market participants continue to rely on legacy or proprietary communication channels. As a result, intermediaries may need to intervene manually to process the information before transmitting it further through the custody chain, causing delays and reducing the benefits of automation.

We therefore believe that the future framework should encourage the adoption and consistent use of ISO 20022 for general meetings and shareholder identification.

2.4 Simplifying and modernising shareholder participation processes

In addition to the key reforms outlined above, a number of more targeted operational and procedural barriers continue to make shareholder participation more complex than necessary.

Examples include fragmented registration requirements, proof of entitlement procedures, powers of attorney to support voting exercise and shareholder identification thresholds, as well as differences in the processes and timelines governing general meetings. Although these requirements differ across Member States, they often share a common characteristic: they introduce additional operational steps or market-specific processes that can make it more difficult for investors to exercise their rights efficiently across borders. More specifically:

⁶ Article 2(3) of Commission Implementing Regulation (EU) 2018/1212.

- **Registration** illustrates this challenge particularly well. In several jurisdictions, additional registration processes are required between settlement and the exercise of investor rights, therefore creating an additional step even where relevant information on the securities position can be determined on the basis of settled positions at the relevant record date. These additional national requirements lead to unnecessary procedures and manual processing, increasing operational complexity for cross-border investors and intermediaries, discouraging the exercise of investors' rights without materially improving transparency or investor protection. Entitlements should be determined by record date positions at the CSD.
- Similarly, **proof of entitlement** and **power of attorney requirements** continue to create unnecessary administrative burdens in certain markets, making it more difficult for investors to exercise their rights efficiently. Requirements for paper documentation, wet-ink signatures, notarisation or market-specific powers of attorney make cross-border voting more difficult and burdensome for investors, whilst requiring intermediaries to establish and maintain additional manual processes. In line with the simplification agenda, **AFME therefore supports removing duplicative registration requirements, proof of entitlement and powers of attorney requirements.**
- **Shareholder identification thresholds** can create an additional source of fragmentation. Article 3a of SRD II allows Member States to limit identification requests to shareholders holding more than a nationally determined percentage of shares or voting rights. Different national approaches can therefore result in inconsistent identification processes and incomplete identification outcomes across the EU. **AFME supports removing the possibility for Member States to set such thresholds, ensuring a more consistent and comprehensive approach to shareholder identification.**
- Greater consistency is also needed in relation to **general meetings**. Differences in record dates, voting deadlines and other operational timelines can reduce the time available to investors to consider meeting information and make the exercise of voting rights more complex. Greater convergence regarding these processes, including a more harmonised EU approach to record dates, would improve predictability for market participants and facilitate shareholder participation. Aligning these timelines would also provide investors with sufficient time to make and communicate their voting decisions, allowing voting instructions to be transmitted and processed efficiently throughout the custody chain.
- At the same time, the framework should preserve sufficient flexibility in how general meetings are conducted and embrace the opportunities offered by **digitalisation**. The experience during the Covid-19 pandemic demonstrated the potential of more flexible and digitally enabled meeting arrangements to facilitate shareholder participation. Building on this experience, **AFME supports hybrid general meeting models, which can improve accessibility while preserving flexibility.** A clearer and more consistent framework for virtual participation would also help ensure that shareholders can participate remotely and exercise their rights effectively across EU markets. We believe that the review should embrace digitalisation and technological innovation wherever these contribute to simpler processes, greater operational efficiency and a better shareholder experience.

AFME therefore encourages the review to identify duplicative operational and procedural requirements that create unnecessary friction across the custody chain, thus making it more difficult for investors to exercise their rights. Removing and/or simplifying these processes would enable intermediaries to support issuers and investors more efficiently while encouraging broader shareholder participation across European markets.

About AFME

The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives.

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