

EC draft directive “not progressive enough”

NETHERLANDS - Corporate governance forum Eumedion has welcomed today's European Commission (EC) proposal on shareholder rights, but complained that the stance on cross border voting rights was not progressive enough.

The proposed directive outlined minimum standards designed to facilitate the cross-border exercise of shareholders' rights in listed companies.

Eumedion director Rients Abma (pictured) said: “One point where we think the draft directive is not progressive enough is about the issue around ultimate investors and securities intermediaries in cross border voting.

“We suggested to the EC that the problem of the ultimate investor should also be solved in this draft directive, but this element is not inside and we are a bit disappointed.

“We proposed that it should be possible to divine who are securities intermediaries in the European Union, and to impose on securities intermediaries obligations to either pass on powers of attorney to their clients allowing them to vote directly, or to pass on voting instructions from their clients to the company.”

The minimum standards put forward by the EC were that general meetings should be convened with at least one month's notice with all relevant information available on that date; share blocking should be abolished and replaced by a record date set no earlier than 30 days before the meeting; the right to ask questions should be accessible to non-residents; proxy voting should not be unduly restricted and shareholders should have a choice of methods for distance voting; and voting results should be available to all shareholders and posted on the issuer's website.

Abma said the most important measure was the extended notice period for convening a general meeting, as this is currently 15 days in the Netherlands.

“The shareholders now have more time to analyse the agenda, to read the annual reports and to decide how to vote, so that's a very important change,” he said.

Eumedion were also pleased with the extension to 30 days of the period within which a shareholder could register to vote. This is currently set at seven days in the Netherlands.

“It will be an incentive for shareholders to vote,” said Abma.

Internal market and services commissioner Charlie McCreevy said: “Shareholders need to be able to get relevant information on time and vote without encountering unnecessary obstacles, wherever they are in the EU. All this will help to strengthen the role of shareholders and spread EU investing.”