

**PRIVATE SECTOR RESPONSE TO THE GIOVANNINI REPORTS**

**BARRIER 3 - CORPORATE ACTIONS**

**MARKET STANDARDS FOR GENERAL MEETINGS**

**Final version subject to implementation**

**April 2021**

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## 0. DEFINITIONS

*Note: Definitions herein are for the purpose of the market standards only and are not necessarily meant to have any legal connotations*

- Blocking of Shares:*** Subjecting the rights of an End Investor to sell or otherwise transfer its shares to any restriction to which they are not subject at other times.
- Chain of Intermediaries:*** Sequence of Intermediaries connecting the Issuer/Issuer CSD with the End Investor and vice versa in respect of securities held by book entry in a securities account.
- Confirmation of Entitlement:*** Confirmation of the Entitlement as defined by Article 5§1 of Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018, published in Official Journal L 223/1 on 4 September 2018 („SRD IR 2018“) which shall be issued by the Last Intermediary to the End Investor, or a person named by the End Investor, on its request and which should be used by the End Investor and the Issuer to serve as legal identification of the End Investor to exercise the shareholders rights.
- Confirmation of the Recording and Counting of Votes:*** The confirmation in electronic format created by the issuer and sent to the End Investor/Shareholder on the End Investor/Shareholder’s request that their votes have been validly recorded and counted by the company as mentioned in Art. 7 §2 of the Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018. A legally valid copy of this confirmation is required to be sent by the Issuer or its agent in an electronic format to the person which lodged the vote with the issuer or its agent to be forwarded in the Chain of Intermediaries.
- Convocation:*** Invitation for the General Meeting as meant in the 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, published in

the Official Journal on 14 July 2007, L 184/17 (“SRD 1”) as amended by DIRECTIVE (EU) 2017/828 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017, published in the Official Journal on 20 May 2017, L 132/1 (“SRD 2”).

- Electronic Vote:** Any vote which is sent by intermediaries to the Issuer or its agent and facilitate straight through processing is considered to be an electronic vote even if the final portion of the voting process is submitted in paper form or physically at the General Meeting.
- End Investor:** Shareholder or other natural or legal person who holds shares for its own account, not including the holder of a unit in a UCITS (undertaking for collective investment in transferable securities).<sup>1, 2</sup>
- Entitled Position:** Securities position as determined by applicable company law and as of record date, as applicable, and as reflected in the share register of the issuer (for registered shares) and in the books of the Last Intermediary for the End Investor which has to be reconciled by every Intermediary in the Chain of Intermediaries starting with the First Intermediary which fulfils the notary function, based on which the Entitlement is determined.
- Entitlement:** Number and type of securities evidencing the right granted to a given End Investor / Shareholder to participate in and vote at a given General Meeting
- First Intermediary:** The Issuer CSD or other Intermediary nominated by the Issuer, who maintains the share records of the Issuer by book-entry at top tier level with respect to the shares traded on a regulated market, or who maintains decisive records for the evidencing of shares of the Issuer traded on a regulated market, or holds those shares at top tier level on behalf of the End Investors / Shareholders of the Issuer. The First Intermediary can also act in the role of Last Intermediary.
- General Meeting:** Shareholders meeting as meant in the 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, published in the

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<sup>1</sup> In this case, the UCITS, *i.e.* the investment company, will be deemed the End Investor.

<sup>2</sup> There is always an End Investor. The End Investor and the Shareholder may be one and the same person. If so, the notion End Investor is used in the MSGMs to indicate this person. Otherwise the two notions are used to indicate the two respective parties.

Official Journal on 14 July 2007, L 184/17 (“SRD 1”) as amended by DIRECTIVE (EU) 2017/828 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017, published in the Official Journal on 20 May 2017, L 132/1 (“SRD 2”).

- Intermediary:** *As defined in Art. 2 d) of the 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, published in the Official Journal on 14 July 2007, L 184/17 (“SRD 1”) as amended by DIRECTIVE (EU) 2017/828 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017, published in the Official Journal on 20 May 2017, L 132/1 (“SRD 2”).*
- ISIN:** International Securities Identification Number assigned to securities defined by ISO 6166 or compatible methodology.
- Issuer:** Company issuing securities including the agent mandated by the Issuer for General Meeting purposes.
- Issuer CSD:** (International) Central Securities Depository with whom the Issuer has deposited and maintains its primary securities issuance by book entry.
- Issuer Deadline:** Deadline set by the Issuer for receiving the Notice of Participation or any updates thereof.
- Last Intermediary:** The Intermediary with whom the End Investor holds the shares concerned by the General Meeting in a securities account, also the Intermediary providing the securities account for a client holding the shares on their own account.
- Last Intermediary Deadline:** Deadline set by the Last Intermediary for receiving the information to create the Notice of Participation or any update thereof.
- LEI:** Legal entity identifier ISO 17442 referred to in Commission Implementing Regulation (EU) No 2012/1247.
- Meeting Notice:** Operational notice with the key elements of the Convocation.

**Notice of****Participation:**

Notice to inform the Issuer whether and how the Shareholder or End Investor, as the case may be, will participate in and vote at the General Meeting, including the number of shares, or class of shares as the case may be, they hold of the Issuer and their votes, if any, as defined by Commission Implementing Regulation (EU) 2018/1212. Where compliant with the national company law, it can include the Confirmation of Entitlement.

**Participant:**

Intermediary who holds or operates<sup>3</sup> securities accounts with the Issuer CSD.

**Receipt of Votes:**

The receipt in electronic format which is sent by the recipient of the votes (Issuer or an Intermediary) to the person which has lodged/forwarded the votes to the recipient of the votes.

**Record Date:**

Date set by the Issuer or applicable national company law on which the rights of an End Investor/Shareholder, as the case may be, flowing from the shares, esp. to participate in a General Meeting and to vote in respect of his shares, as well as the shareholder identity shall be determined on the basis of the shares held on such a date as evidenced by the share register in case of registered shares or settled positions, starting at the settled positions as evidenced by the books of the Issuer CSD or other first intermediary and reconciled in the Chain of Intermediaries.

**Registered Shares:**

A stock in an issuer evidencing the participation of someone in a company that is registered to the name of the exact owner which can be identified in the register maintained by the Issuer or the Registrar<sup>4</sup>.

**Shareholder:**

Natural or legal person recognised as a shareholder under the law governing the Issuer.

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<sup>3</sup> In direct holding markets the Participant may operate the securities accounts held with the Issuer CSD.

<sup>4</sup> In the case of registered shares, some Member States only allow shareholders holding shares below a threshold set by that Member State in the register to be identified in certain circumstances when exercising the rights attached to those shares. In such cases, Standards 1.9, 2.2 (a) and 2.10 shall not be applicable.

## I. INTRODUCTORY NOTES

### a) *Objective*

The Market Standards on General Meetings (hereinafter “MSGM”) were endorsed by all market participant groups in 2010 and have the objective to harmonize and streamline General Meeting<sup>5</sup> (hereinafter “GM”) related operational processes. They are part of the set of measures to remove the obstacles identified as Barrier 3 on corporate actions in the Reports from the Giovannini Group of November 2001, “Cross-Border Clearing and Settlement Arrangements in the European Union”, and April 2003, “Second Report on EU Clearing and Settlement Arrangements”, (hereinafter the “Giovannini Reports”).

More specifically, the MSGM 2010 were meant to address the barriers to the free flow of information between the Issuer and the End Investor where direct communication between them is not possible. This is namely the case for holders of bearer shares and of shares registered in the name of a nominee or in an omnibus account. Indeed, nowadays most shareholders keep their shares through book entry in a securities account with an Intermediary, in other words the system of intermediated shareholding. Especially in a cross-border environment, securities are often held through a Chain of Intermediaries between the Issuer and the holder of shares<sup>6</sup>. As a result, the identity of the End Investor is not known to the Issuer which prevents direct communication, except with End Investors registered in the register under their own name. The communication therefore needs to pass through the Chain of Intermediaries.

In 2017 the European Union has again addressed several aspects of the exercise of shareholders rights by the amendment of the Shareholder Rights Directive 2007 via the DIRECTIVE (EU) 2017/828 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017 (the “SRD”). This Directive sets clearer rules for the facilitation of the exercise of shareholders rights. The new legal environment has necessitated the amendment of the 2010 standards as laid down in this new version (the “Market Standards General Meetings 2020” or “MSGM 2020”)

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<sup>5</sup> As meant in the 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, published in the Official Journal on 14 July 2007, L 184/17 (“SrD 1”) as amended by DIRECTIVE (EU) 2017/828 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017, published in the Official Journal on 20 May 2017, L 132/1 (“SRD 2”).

<sup>6</sup> For more background information, see also paragraph “2.1. Holding pattern” on page 29 of the Second Advice of the Legal Certainty Group, “Solutions to Legal Barriers related to Post trading within the EU”, published in August 2008 on [http://ec.europa.eu/internal\\_market/financial-markets/docs/certainty/2ndadvice\\_final\\_en.pdf](http://ec.europa.eu/internal_market/financial-markets/docs/certainty/2ndadvice_final_en.pdf).

In essence, the MSGM 2020 aim at enhancing streamlined communication and operational processes, based on a best practices approach, so as to ensure that information from the Issuer can reach the End Investor and vice versa in a timely and cost-efficient manner. To ensure that all be reached the communication model proposed by the MSGM follows the holding pattern. It starts with the Issuer, goes via the Issuer CSD, through the entire Chain of Intermediaries (securities account providers), until the End Investor is reached - and vice versa. They also aim at facilitating the exercise of shareholders rights via certain standardised operational processes meant to define the state of the art and technology in that field.

The MSGM have to be seen against the background of the SRD 1 and SRD 2. The three processes covered by the MSGMs focus on communicating crucial GM related information which also forms also one of the pillars of the SRD. Whereas the SRD provides for the main rights and obligations of the concerned parties in relation to GMs, including timelines, the MSGM provide for best practices (see hereinafter) that are fully compliant with the SRD.

**b) *Ultimate goal***

- To enhance shareholders' participation in GMs in a cross-border environment, by
  - Removing operational barriers to the free flow of information between the Issuer and the End Investor
  - Enabling cost efficient communication between all parties involved in GM related processes
  - Enabling equal operational treatment of all End Investors
  - Ensuring that the End Investors benefit from the efficiencies achieved by these MSGMs.
- To ensure that the End Investors receive the GM related information and be put in a position to exercise their rights e.g. by giving voting instructions.
- To ensure that End investors / Shareholders receive a confirmation for their votes electronically recorded and counted at a GM in a timely and efficient manner and that persons having lodged Notice of participations together with voting instructions obtain a receipt.

**c) *Working Group***

End 2005 a cross-sector working group, the "Joint Working Group on General Meetings" (hereinafter the JWGGM), was set up to develop jointly

a single set of standards on GM related processes. The JWGGM was composed of delegates from the main European associations representing Issuers (EuropeanIssuers, previously EALIC), Registrars (Institute of Chartered Secretaries and Administrators - Registrars Group), Central Securities Depositories (ECSDA<sup>7</sup>), Intermediaries (ECSAs<sup>8</sup> (EBF<sup>9</sup>, ESBG<sup>10</sup> and EACB<sup>11</sup>) and ESSF<sup>12</sup> (previously ESF)), Securities Exchanges (FESE)<sup>13</sup> and Investors (Better Finance (previously Euroshareholders), the Association of British Insurers and the UK Institutional Shareholder Committee).

The original members of the JWGGM are listed in Appendix 1<sup>14</sup>. **In 2019 a cross sector initiative and working group was set up to align the MSGM 2010 with the SRD in its form of 2017 and to improve the existing MSGM. Its members by association are listed in Annex 2.**

#### ***d) Methodology***

The JWGGM worked along the following consecutive phases:

- i) Review of the MSGM 2010
- ii) Analysis whether new standards are useful
- iii) Proposal of new set of standards
- iv) Endorsement by associations involved
- v) Publication
- vi) Gap analysis
- vii) Implementation

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<sup>7</sup> European Central Securities Depositories Association

<sup>8</sup> European Credit Sector Associations

<sup>9</sup> European Banking Federation

<sup>10</sup> European Savings Banks Group

<sup>11</sup> European Association of Cooperative Banks

<sup>12</sup> European Securities Services Forum

<sup>13</sup> European Federation of Securities Exchanges

<sup>14</sup> The composition of the JWGGM varied since its set-up end 2005; the persons listed reflect its most recent composition.



### ***e) Procedures election of processes***

The JWGGM started with an analysis of the existing MSGM and their impact in the wake of SRD 2017. The JWGGM considered the situation post implementation of SRD 2 and the level 2 legislation by Delegated Regulation 2018/1212 of 3 September 2018. It was therefore decided to review the existing MSGM and amend them where necessary. Besides the existing processes, two new processes, Process 4: Voting Receipt, and Process 5: Confirmation of the Recording and Counting of Votes, were developed.

- Process 1: Meeting Notice:

    Informs the End Investor of the Issuer's notice to convene the GM

- Process 2: Record date and Entitlement:

    Process to determine and communicate which holdings are entitled to participate in the GM and vote

- Process 3: Notice of Participation in the GM:

    Informs the Issuer of the End Investor or Shareholder's participation (or not) in the GM as well as of his votes, if any.

- Process 4: Voting Receipt:

    Informs the person having forwarded the Notice of participation (if together with voting instructions) that it has been received

- Process 5: Confirmation of the Recording and Counting of Votes:

    Confirms that votes of the End Investor or Shareholder have been validly taken into account for voting in a GM.

### ***f) Components of standardisation***

The MSGM cover the following components, where applicable:

- Parties
- Content
- Messaging format
- Language(s)

- Timelines
- Information flow

The JWGGM points out that any legal provisions requiring the use of paper based formats should be abolished and machine readable efficient technology and formats enabling STP shall be used. The JWGGM supports the standardisation work of the Golden Operational Records Task Force and the Securities Markets Practice Group. The MSGMs are built on the assumption that End Investors can be reached by either ISO formatted messages or other electronic means compliant with the national law (e.g. electronic post boxes, electronic addresses of the issuer, etc.); the MSGMs do not impose paper based communications in any way.

#### ***g) Scope of application***

- In accordance with the SRD, which does not distinguish between domestic and foreign shareholders, the MSGMs will apply to both domestic and cross-border operational processes: in other words the same MSGMs will apply for communication with domestic End Investors and foreign End Investors.
- All types of GMs for shares, both bearer and Registered Shares, provided they are
  - i) issued by an Issuer having its registered office in a Member State of the European Union and EEA and whose shares are admitted to trading on a regulated market situated or operated in Europe,<sup>15</sup> and
  - ii) held with an Issuer CSD operating in Europe.
  - iii) In the scope of local transposition of the SRD II.

#### ***h) Opt-out of the communication by the End Investor***

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<sup>15</sup> The JWGGM supports the enlargement of the scope of application to shares i) issued by non-listed companies and companies listed on non-regulated markets (e.g. MTFs, etc.) having their registered office in a Member State of the European Union and ii) held with an Issuer CSD operating in Europe are encouraged to comply also. The same applies to shares issued by non-EU companies which are admitted to trading on a regulated market situated or operated in Europe.

As the essence of the MSGM is about communicating information regarding GMs for the benefit of shareholders' participation, it is crucial that the communication be continued until it reaches the End Investor and then brought back up to the Issuer. In intermediated shareholding systems where the End Investor is not known to the Issuer, the Issuer has no other means to communicate with and reach the End Investor but by communicating via the Issuer CSD and the Chain of Intermediaries<sup>16</sup>. The SRD now provides for the information of the End Investor who can receive formatted electronic messages. In order to accommodate the situation where the End Investor explicitly does not wish to receive the information, the JWGGM has set forward the parameters for a realistic opt-out scheme for the Last Intermediary. If the End Investor explicitly opts-out, but subsequently wants to participate in a general meeting, he can do so, and the relevant standards will apply. The opt-out must be an active request from the End Investor and shall not to be influenced in any way by an intermediary. Opting out does not exclude the End Investor from participating in a GM, if the End Investor is made aware of said GM by means other than communication through the chain. In such cases, the Intermediary must still facilitate the participation and vote of the End Investor in the GM upon request.

#### *Parameters for possible opt-outs*

- (a) Opting-out should only be possible at the initiative of the End Investor (not at any other level in the Chain of Intermediaries); the End Investor should be the only one who can trigger the opt-out.
- (b) The End Investor should be able to make an informed decision on the basis of a clear and detailed explanation:
  - i) that the information would be offered by default, except in case of explicit opt-out
  - ii) of the price of the services (see i) hereinafter)
  - iii) of the consequences of the opt-out including that the End Investor will not receive key information regarding the GM nor receive communication of the Entitlement or his part in the manner provided for in these MSGMs.
- (c) Any opt-out should apply only to the communication with the End Investor as covered by Process 1 and Process 2, as per the definition. Process 3 will only take place at the initiative of the End Investor.
- (d) An opt-out can be general (all GMs) or specific (for instance, for a given GM, for a given market, etc.). An opt-out is revocable generally and specifically.

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<sup>16</sup> Except for shares registered in the register under the End Investor's name.

## ***i) General principles on basic service and on cost/pricing***

### *- Processes 1 and 2*

- Communication by the (Last) Intermediary with the End Investor: the minimum deliverable is a basic service, meaning non paper-based communication without translation in another language than provided in the Meeting Notice; this is without prejudice to markets that have a broader definition of a basic service.
- The basic service includes communications sent both down the chain to the End Investor as well communications sent up the chain of Intermediaries.
- This basic service should be part of basic custody services, which should be offered at a reasonable and affordable cost to the End Investor or Shareholder preferably using state of the art technology<sup>17</sup>.
- Cost should not influence the decision to opt-out.
- The cost for communicating through the chain, in order for the Last Intermediary to render the basic service, should not adversely impact the possibility for the Last Intermediary to offer the basic service at costs which are appropriate, proportionate and non-discriminatory.
- Costs should be charged only once and in full transparency at every level.
- Possible value-added services are not affected by the preceding bullet points.

### *- Process 3*

- The application of Process 3 should depend entirely on the decision of the End Investor or Shareholder, as the case may be, whether or not to use a Notice of Participation. The JWGGM believes that the general principles above could, but do not have to be, applied.

### *- Process 4*

- The Voting Receipt, once received, shall be sent without delay by any intermediary or the issuer receiving the Notice of participation together with voting instructions.

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<sup>17</sup> In accordance with Art. 5, 2, 3<sup>rd</sup> al. of the SRD 2, the Issuer may not charge any specific cost for issuing the Convocation.

- *Process 5*

- The Confirmation of the Recording and Counting of Votes shall, when employing best market practice for operational purposes, be requested in the Notice of Participation.

**II. MARKET STANDARDS**

## 1. PROCESS 1 – MEETING NOTICE

### A. PARTIES, INFORMATION FLOW, TIMELINES, LANGUAGE AND FORMAT

#### I. ISSUER TO ISSUER CSD

##### ***Standard 1.1.***

The Issuer should communicate the Meeting Notice at least to its Issuer CSD no later than on the same day it issues the Convocation. The Issuer should inform its Issuer CSD of any update<sup>18</sup> of the Meeting Notice.

##### ***Standard 1.2.***

The Meeting Notice and any update thereof should be communicated in formatted electronic form using standards defined and used by the securities industry such as the ISO standards or methodology compatible with ISO, irrespective of the communication channel used.

##### ***Standard 1.3.***

For narrative text<sup>19</sup> Issuers with an international shareholder base should use also a language customary in the sphere of international finance, currently English.

#### II. ISSUER CSD TO PARTICIPANT

##### ***Standard 1.4.***

a) The Issuer CSD should communicate the Meeting Notice, without delay and not later than by close of business on the same business day when it receives the information from the Issuer, to all its Participants which have a holding or pending acquisition in the concerned security. When it receives the information after 16.00 hrs in its own time zone, it shall transmit the information without delay and no later than by 10.00 hrs on the next business day.

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<sup>18</sup> E.g. in case of a subsequent call due to quorum requirements.

<sup>19</sup> E.g. the description of an agenda item.

- b) The Issuer CSD should also communicate it, without delay and no later than on the same business Day of the settlement of the transaction, to any not yet informed Participant who obtains a holding up to close of business at Record Date.
- c) The Issuer CSD should also communicate any update of the Meeting Notice to its Participants, applying the same diligence.

***Standard 1.5.***

The Meeting Notice, and any update thereof, should be communicated in formatted electronic form using standards defined and used by the securities industry such as the ISO standards or methodology compatible with ISO irrespective of the communication channel used.

**III. PARTICIPANT TO CLIENT (INTERMEDIARY AND END INVESTOR<sup>20</sup>)**

***Standard 1.6.***

- a) The Participant receiving the Meeting Notice from the Issuer CSD, should communicate it to its clients that have a holding in the respective security. The Participant should also communicate it to not yet informed clients who obtain a holding in the respective security up to close of business at Record Date.
- b) The Participant should undertake this communication without delay from receiving the Meeting Notice or from recording the new holding, and no later than on the same business day. Where the Participant receives the information after 16.00 hrs in its own time zone during its business day, it shall transmit the information without delay, but not later than by 10.00 hrs of the next business day.

Any additional requirements related to the Meeting Notice, which the issuer requires the shareholder to provide under applicable law, and which cannot be processed as machine-readable or straight-through processing as provided for in Article 2(3), shall be transmitted by the intermediary without delay.

- c) The Participant should also communicate updates of the Meeting Notice to its clients, applying the same diligence.

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<sup>20</sup> End Investors have the possibility to opt out of receiving the Meeting Notice as set out in the introductory notes.



**Standard 1.7.**

Any Intermediary further down the Chain of Intermediaries should comply with Standard 1.6., each at its respective level towards its own clients, until the Meeting Notice reaches the End Investor.

**Standard 1.8.**

The Meeting Notice and updates thereof should be communicated

a) to Intermediaries, and to End Investors who are able to receive such form of communication, in formatted electronic form using standards defined and used by the securities industry such as the ISO standards, irrespective of the communication channel used

b) to End Investors who are not able to receive the form of communication under a), in a clear and comprehensible format, using the structured format and contents of the Appendix 2 of IR 2018/1212, via secure electronic means (e.g. electronic post boxes, electronic addresses of the issuer, etc).

**Standard 1.9.**

Where the End Investor is registered in its own name in the Issuer share register, the communication under Standards 1.6., 1.7. and 1.8. is not necessary, provided that the End Investor receives the Convocation/Meeting Notice from the Issuer directly.

**B. CONTENT**

**I. ISSUER TO ISSUER CSD TO PARTICIPANT TO LAST INTERMEDIARY**

**Standard 1.10.**

The contents<sup>21</sup> of the Meeting Notice should comprise at least the following:

1. Unique identifier of the GM applied across all the concerned securities, i.e. the identifier should cover the event and be the same for all underlying securities for such event<sup>22</sup>.

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<sup>21</sup> The original Meeting Notice should remain unaltered during its communication along the Chain of Intermediaries, but limited additions to the formatted message are possible for the sake of practicability to add the identification of the sender, add the date of sending, but not to affect its contents.

<sup>22</sup> The Unique Identifier may be provided by the Issuer CSD if the Unique Identifier is not repeated by other issuers.

2. Message type specifying whether the message is a new meeting notice, an update of the meeting notice or a cancellation of the meeting notice previously sent.
3. ISIN or multiple ISINs in case GM is convened for more than one security class<sup>23</sup>.
4. Name of issuer.
5. Completion of table 3, sections A – F (which is the “issuer deadline“) of SRD IR 2018/1212 to facilitate STP, a reference to the SMPG work also for future developments.

All Parties should adhere to the Standards set by the Securities Markets Practice Group and the Golden Operational Records Task Force.

## **II. LAST INTERMEDIARY TO END INVESTOR**

### ***Standard 1.11.***

The Last Intermediary shall send this Meeting Notice to the End Investor/Shareholder without delay, if the Last Intermediary receives it before 16.00 hrs of the same business day, or, if the Meeting Notice is received after 16:00 hrs, not later than 10.00 hrs on the next business day to the End Investor /Shareholder by means of electronic message, e.g. via an electronic banking inbox or similar means as part of a basic service. Any service beyond that basic service is subject to the service contract between the Last Intermediary and the End Investor/Shareholder (see 2.4).

### ***Standard 1.12.***

- a) An End investor/Shareholder has the freedom to choose to opt-out from receiving information if it deems so. If the end investor explicitly opts-out but then wants to participate in a GM, it may do so, and the standards relevant to an end investor participating in a GM shall apply where possible on a basis of best efforts by all involved parties.
- b) The Opt-out must be an active request from the end investor and not to be influenced in any way by someone else.

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<sup>23</sup> In the case of multiple security classes, the General Meetings Task Force recommends issuing one message per ISIN as per global market practices.

## 2. PROCESS 2 – RECORD DATE AND ENTITLEMENT

### A. GENERAL PRINCIPLES

#### **Standard 2.1.**

There should be no Blocking of Shares prior to a given GM in order to ensure that an End Investor may participate in and vote at that GM.

#### **Standard 2.2.**

a) The Entitlement should be determined at close of business at Record Date, starting from

- i) the settled Entitled Positions as reflected in the books of the Issuer CSD<sup>24</sup> for bearer shares,
- ii) the Issuer share register for Registered Shares<sup>25, 26</sup>.

b) For Registered Shares, in order to allow reconciliation and avoid any discrepancy, the Issuer CSD or other relevant party, as the case may be, should communicate settled positions to the share registrar without delay, and in any case as of close of business of any day, esp. on Record Date.

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<sup>24</sup> For bearer shares, settled positions as reflected in the Issuer CSD's books is the safest criterium, because settled positions are reflected by book entries. Settled positions as held with the Issuer CSD offer certainty because these positions are per definition final (completed), as opposed to trading positions that can result in a failure. The Issuer CSD's books therefore give an accurate and reliable picture because of the notary function of record keeping carried out by the Issuer CSD. As the latter takes care of first level concordance between his books and his participants', the Issuer CSD's books are the only trustworthy source from which point on an accurate and exact breakdown can be given of the total holdings excluding any failed transactions. If on the contrary, the Entitlement would be calculated on the basis of trading positions in Intermediaries' books, there would be no guarantee that the information covered the complete securities issuance.

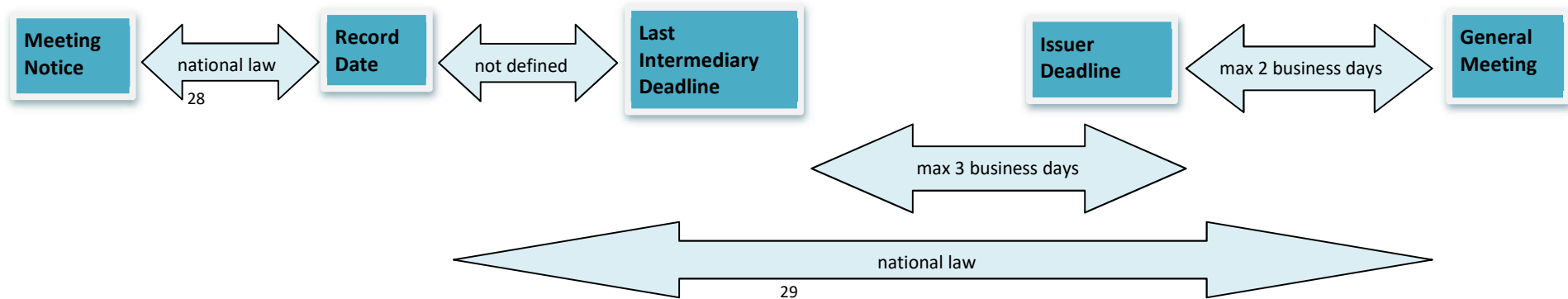
<sup>25</sup> In some markets the Issuer CSD and the registrar, who maintains the Issuer share register, are one and the same party.

<sup>26</sup> These market standards do not provide for an exception of the Record Date system for holders of Registered Shares: in practice one will use a specific date anyway to strike positions for holders of Registered Shares. In addition, a Record Date will be necessary for holders of Registered Shares also in order to allow for participation to the GM by other means than physical attendance or in view of participation before the GM (including by Notice of Participation). Finally, when the person in the register is a nominee, one will have to go down the Chain of Intermediaries anyway in order to know the identity and the voting instructions of the End Investor. In order to avoid double accounting of positions all categories of Registered Shares must be subject to the same regime.

**Standard 2.3.**

The sequence of relevant events and dates should be as follows<sup>27</sup>:

1) Issuance of Meeting Notice, 2) Record Date, 3) Last Intermediary Deadline, 4) Issuer Deadline and 5) General Meeting.



**B. PARTIES, INFORMATION FLOW, TIMELINES, LANGUAGE AND FORMAT**

**I. ISSUER CSD TO PARTICIPANT**

**Standard 2.4.**

The Issuer CSD should communicate the Entitled Positions or Entitlements, as the case may be, to its Participants, without delay after striking the Entitled Positions as indicated in Standard 2.2., a) i) and ii).<sup>30</sup>

<sup>27</sup> For the sequence of 2) Record Date and 3) Last Intermediary Deadline: where possible.

<sup>28</sup> What is defined by national company law, is the lapse of time between the Convocation and the Record Date.

<sup>29</sup> What is defined by national company law, is the lapse of time between the Record Date and the GM.

<sup>30</sup> The communication by the Issuer CSD should cover all Entitled Positions reflected in its books.

**Standard 2.5.**

The Issuer CSD should communicate with its Participants in formatted electronic form using standards defined and used by the securities industry such as the ISO standards or methodology compatible with ISO standards, irrespective of the communication channel used.

**II. PARTICIPANT TO CLIENT (INTERMEDIARY)**

**Standard 2.6.**

The Participant, its clients and their clients down to the Last Intermediary in the Chain of Intermediaries, should communicate the Entitled Positions or Entitlements, as the case may be, each at its respective level towards its own clients, without delay, starting from the positions communicated by the Issuer CSD.

**Standard 2.7.**

Communications should be done in a formatted electronic form using standards defined and used by the securities industry such as the ISO standards or methodology compatible with ISO standards, irrespective of the communication channel used.

**III. LAST INTERMEDIARY TO END INVESTOR**

**Standard 2.8**

The Last Intermediary should communicate the Entitlement or the part relevant to the End Investor<sup>31</sup>, without delay, to the End Investor in the following manner:

a) to End Investors who can receive such form of communication, in formatted electronic form using standards defined and used by the securities industry such as the ISO standards or methodology compatible with ISO standards, including electronic communication such as electronic banking facilities (e.g. electronic postboxes) irrespective of the communication channel used,<sup>32</sup>

b) to all other End Investors in a clear and comprehensible format through generally available tools and facilities.

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<sup>31</sup> Where the Shareholder and the End Investor are two different persons, it may happen that the End Investor holds only a part of the Entitlement.

<sup>32</sup> These End Investors have the possibility to opt out of receiving the Entitlement as set out in the introductory notes.

**Standard 2.9.**

For the purposes of facilitating the exercise of rights by the shareholder in a general meeting, including the right to participate and vote, the Last Intermediary should confirm the Entitlement or the part relevant to the End Investor<sup>33</sup> or a third party nominated by the End Investor, without delay, to the End Investor on its request and in the form of Confirmation of Entitlement. It shall only be used as proof of entitlement on the End Investor's initiative and on its behalf. The Last Intermediary shall also confirm the Entitlement in the Notice of Participation by including the number of shares and voting entitlement of the End Investor.

Such confirmation by the last intermediary to the end investor shall not be required, if the entitled position is known by or will be transmitted to the issuer or the first intermediary, as applicable.

**IV. REGISTERED END INVESTORS**

**Standard 2.10.**

Where the End Investor is registered in its own name in the Issuer share register, the communication under Standards 2.4, 2.5, 2.6, 2.7, 2.8 and 2.9 is not necessary, provided that the End Investor received the Convocation/Meeting Notice from the Issuer directly<sup>34</sup>.

**V. END INVESTOR TO ISSUER / ISSUER AGENTS**

**Standard 2.11.**

Issuers and their agents are encouraged to establish and maintain systems to support the use of the Confirmation of Entitlement in electronic format which will be produced by the last intermediary and sent to the shareholder or a third party nominated by the shareholder. To achieve

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<sup>33</sup> Where the Shareholder and the End Investor are two different persons, it may happen that the End Investor holds only a part of the Entitlement.

<sup>34</sup> This does not impose on the Issuer any obligation to communicate the Entitlement in the Convocation or subsequently.

this, issuers, CSDs and their agents and all intermediaries in a custody chain need to be reconciling properly and maintain that point as of the record date.<sup>35</sup>

### C. CONTENT

**Standard 2.12.**

The Confirmation of Entitlement should comprise at least the following:

Type of information	Description	Format	Originator of data
<b>A. Specification of the general meeting and the message</b>			
1. Unique identifier of the confirmation	Unique number	[12 alphanumeric characters]	Last intermediary
2. Name of issuer		[140 alphanumeric characters]	Issuer
3. Unique identifier of the event	Unique identifier of the of general meeting as set by the issuer or third party nominated by it	[4 alphanumeric characters]	issuer or third party nominated by it
4. Type of message	The type of message (confirmation of entitlement)	[4 alphanumeric characters]	Last intermediary

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<sup>35</sup> At the time of drafting these standards, there is currently no Confirmation of Entitlement message that can be sent both up and down the chain. To address this, the JWGGM will make a change request to SWIFT for a new message type for the Confirmation of Entitlement which can be used as intended by Process 2 of the Standards. As this process will not be completed by the date of implementation for the SRD IR 2018/1212, the interim solution is for the Entitled Position to be confirmed in the Notice of Participation which will serve as the Confirmation of Entitlement referred to in Process 2 of these standards.

5.	ISIN	Definition	[12 alpha numeric characters]	Issuer
<b>B. Specification of the entitled position in shares (repeating block; to be presented for each securities account of the shareholder)</b>				
1.	Record Date	Definition	[Date (YYYYMMDD)]	Issuer
2.	Entitled position	Definition	[24 numeric characters]	Last intermediary
3.	Number of the securities account		[20 alphanumeric characters]	Last intermediary
4.	Name of account holder		[140 alphanumeric characters. Format of Table 2, field C.2(a) or C.2(b)]	Last intermediary
<b>C. Specification about the shareholder, legal or natural person, as the case may be</b>				
1.	Name of shareholder	For legal or natural persons	[Format of Table 2, field C.2(a) or C.2(b)]	Last Intermediary
2.	Unique identifier of shareholder	For legal or natural persons	[Format of Table 2, field C,1(a) or C.1(b)]	Last intermediary



3. Name of proxy or other third party nominated by shareholder	If applicable	[Format of Table 2, field C.2(a) or C.2(b)]	Last intermediary
4. Unique identifier of proxy or other third party nominated by shareholder	If applicable	[Format of Table 2, field C.1(a) or C.1(b)]	Last intermediary

### 3. PROCESS 3 – NOTICE OF PARTICIPATION

#### A. GENERAL PRINCIPLES

***Standard 3.1.***

The Last Intermediary should offer its clients the possibility

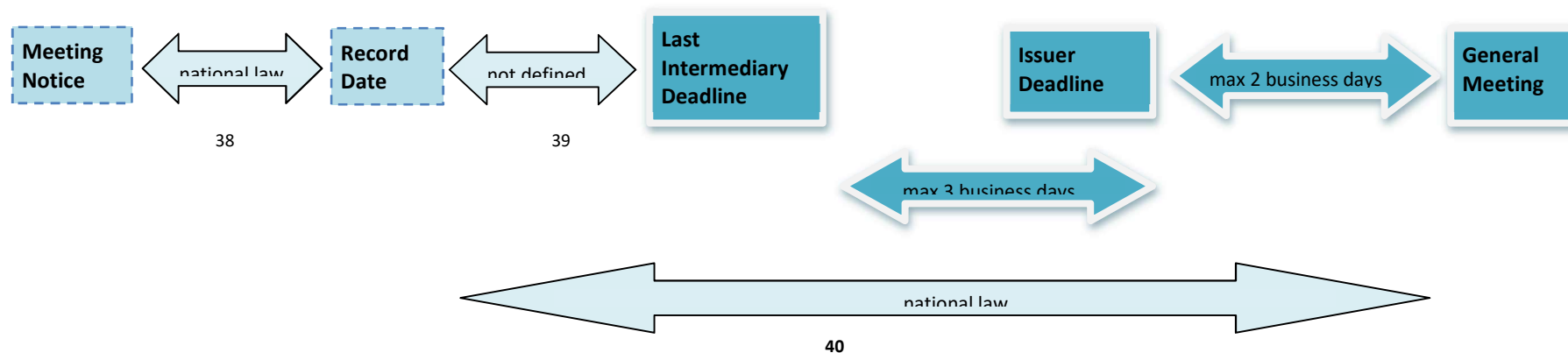
- a) to make use of the Notice of Participation as covered by these market standards or
- b) to exercise the voting rights by different means, by providing the necessary proof of entitlement.

***Standard 3.2.***

There should be a maximum of 2 business days between the Issuer Deadline and the date of the GM.

**Standard 3.3.**

There should be a maximum of 3 business days<sup>36</sup> between the Last Intermediary Deadline and the Issuer Deadline.<sup>37</sup>



**B. PARTIES, INFORMATION FLOW, TIMELINES AND FORMAT**

**Standard 3.4.**

The Notice of Participation should be communicated in accordance with the most efficient information flow in terms of cost, time and security as generally agreed between the Last Intermediary and the End Investor on a well-informed basis.

<sup>36</sup> A period of three business days does not place an unreasonable burden on Intermediaries, in that all Intermediaries should in any case comply with Standard 3.7, which requires to pass on any Notice of Participation "without delay", and with Standard 3.9, which requires electronic formatted communication. Each Intermediary in the Chain of Intermediaries should ensure that it receives an appropriate deadline from its account provider.

<sup>37</sup> For instance, if the GM is on Friday, the earliest possible Issuer Deadline is at close of business on the preceding Tuesday and the earliest possible Last Intermediary Deadline at close of business on the preceding Thursday. Record Date and Deadlines are at close of business, whereas the GM is deemed to take place at start of business. The concept of Business Days can be replaced with other statutory references set up by the national company law (i.e. trading days).

<sup>38</sup> What is defined by national company law, is the lapse of time between the Convocation and the Record Date.

<sup>39</sup> For the sequence of 2) Record Date and 3) Last Intermediary Deadline: where possible.

<sup>40</sup> What is defined by national company law, is the lapse of time between the Record Date and the GM.

**Standard 3.5.**

Every Intermediary up the Chain of Intermediaries should follow the most efficient information flow in terms of cost, time and security, either communicating with the Intermediary next up the Chain of Intermediaries or directly to the Issuer, when the Entitlement does not require validation at every level of the Chain of Intermediaries.

**Standard 3.6.**

- a) The Last Intermediary, receiving the relevant information from the End Investor, should without delay,
- i) reconcile it against the Entitlement, or the part relevant to the End Investor, if on or after the Record Date,
  - ii) create the Notice of Participation or any update thereof, and
  - iii) communicate it to the next Intermediary up the Chain of Intermediaries with whom it holds the respective position in a securities account or communicate it directly to the Issuer, especially if the Notice of Participation also serves as confirmation of entitled position in so far as the end investor wishes to exercise their rights.

b) For Notices of Participation communicated before the Record Date, the Last Intermediary should reconcile the information against the Entitlement, or the part relevant to the End Investor, on the Record Date and, if necessary, communicate an updated Notice of Participation. Where the Notice of Participation includes a reference to the votes, the Last Intermediary shall ensure that the information regarding the number of shares voted is consistent with the entitled position. In the event that the notice is transmitted between the Intermediaries ahead of the Record Date, the Last Intermediary shall update the notice, if necessary, to make the information aligned.

**Standard 3.7.**

Every Intermediary up the Chain of Intermediaries, each at its respective level, receiving the Notice of Participation or any update thereof, should, without delay,

- a) Reconcile it against the Entitled Positions, if on or after the Record Date, and
- b)
  - i) communicate it to the next Intermediary up the Chain of Intermediaries with whom it holds the respective position in a securities account, until it reaches the Issuer CSD, or
  - ii) communicate it directly to the Issuer or its Agent, but only when the Issuer accepts to receive the Notice from the (Last) Intermediary and if the same channel is used in case of an update of the Notice of Participation.

**Standard 3.8.**

The Issuer CSD receiving the Notice of Participation or any update thereof from its Participant, should, without delay,

- i) reconcile it against the Entitled Positions, if on or after the Record Date, and
- ii) communicate it to the Issuer.

**Standard 3.9.**

- a) The Notice of Participation and any update thereof should be communicated in formatted electronic form, using standards defined and used by the securities industry such as the ISO standards, irrespective of the communication channel used.
- b) It should include all the necessary information which includes the Entitlement.
- c) If there is a change in the position before the General Meetings event, the instruction must be updated accordingly which should follow the same process laid out in standards 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8 and 3.9 within applicable deadlines.

**Standard 3.10.**

For all intents and purposes relating to the Notice of Participation, participation at the AGM currently means:

- a) participation in person;
- b) participation online via electronic means;
- c) giving power of attorney to someone else who participate in person; or
- d) voting via electronic or physical post.

It is at the discretion of the end investor attending the meeting whether they choose to exercise their right to vote in accordance with applicable corporate law.

**C. CONTENT**

**Standard 3.11.**

The Notice of Participation should comprise at least the following:

- 1. The quantity of shares
- 2. The request for Confirmation of Recording and Counting of Votes

3. **Notice of Participation**

Type of information	Description	Format	Originator of data
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<b>A. Specification of the notice</b>			
1. Unique identifier of the notice of participation	Unique identifier	[alphanumeric field]	Last intermediary
2. Type of message	Specification of the type of message	[4 alphanumeric characters]	Last intermediary
3. Unique identifier of the event	Unique identifier of the of general meeting as set by the issuer or third party nominated by it	[4 alphanumeric characters]	issuer or third party nominated by it
4. ISIN	Definition.	[12 alpha numeric characters]	Issuer
<b>B. Participation to be specified for each method of participation</b>			
1. Method of participation	Specification of the method of participation by shareholder to the extent applicable. If multiple methods are deployed, each method shall be specified, compatible with the available alternatives in Table 3, section D, such as participation in person, through proxy, or electronic voting		Last intermediary or shareholder, as applicable
2. Name of shareholder		[Format of Table 2, field C.2(a) or C.2(b)]	Last Intermediary, or shareholder
3(a) Unique identifier of shareholder in case of a legal person	See Table 2, field C, (1)(a)	[Format of Table 2, field C, (1)(a)]	Last intermediary or shareholder

3(b) Unique identifier of shareholder in case of a natural person	See Table 2, field C, (1)(b)	[Format of Table 2, field C, (1)(b)]	Last intermediary or shareholder	
4. Name of proxy, or other third party nominated by shareholder	If applicable	[Optional. If populated: format of Table 2, field C.2(a) or C.2(b)]	Last intermediary or shareholder	
5. Unique identifier of proxy or other third party nominated by shareholder	If applicable	[Optional. If populated: format of Table 2, field C.1(a) or C.1(b)]	Last intermediary or shareholder	
<b>C. Votes, if applicable (repeating block; to be specified per each agenda item)</b>				
1. Agenda item	Unique identifier of the agenda item, Table 3	[Format of Table 3, field E.1]		
Repeating block, to be filled in for each voting position	2. Voting position	Indication of voting position.	[Format of Table 3, Field E.5]	Last intermediary or shareholder
	3. Number of shares voted	Number of shares voted for the agenda point for each voting position. If the voting position applies to all shares, this field is to be left unpopulated.	[If populated: 15 numeric characters with, if applicable, a decimal separator]	Last intermediary or shareholder

4.

4.



#### 4. PROCESS 4 – VOTING RECEIPT

The standards apply in the case of electronic voting whether the votes are cast by Shareholder / End Investor as the case may be, or other third party nominated by Shareholder / End Investor, directly to the Issuer or through the Chain of Intermediaries. When votes are cast electronically, an electronic Voting Receipt is sent immediately to the person that lodged the Notice of Participation together with voting instructions.

##### **Standard 4.1**

The Voting Receipt shall be sent without delay and as defined in Table 6 of IR 2018/1212, and the format must be compatible with ISO messaging methodology. The person who has lodged the votes should receive the Voting Receipt from the person to whom the votes were lodged by the same means.

##### **Standard 4.2**

Such Voting Receipts need not be sent when the information is already available to the person who has lodged the votes via other means.



## 5. PROCESS 5 – CONFIRMATION OF THE RECORDING AND COUNTING OF VOTES

### **Standard 5.1**

Any End Investor / Shareholder wishing to receive a Confirmation of the Recording and Counting of Votes shall include this request in the Notice of Participation.

### **Standard 5.2**

If such request is received by the issuer, the Confirmation of the Recording and Counting of Votes should be sent by the Issuer in electronic form to the person that lodged the voting instruction. Where that person is an Intermediary, and the contact details of the End Investor / Shareholder are known, the Issuer may also determine to send a confirmation to the End Investor / Shareholder. The Confirmation of the Recording and Counting of Votes shall be sent without delay, at the latest within the deadlines set by applicable national law of the Issuer.

Such Confirmation of the Recording and Counting of Votes need not be sent when the information is already available to the End Investor / Shareholder via other means.

### **Standard 5.3**

Where the Intermediary receives the Confirmation of the Recording and Counting of Votes, it shall transmit it without delay to the End Investor / Shareholder or a third party nominated by the End Investor / Shareholder. Where there is more than one Intermediary in the Chain of Intermediaries the confirmation shall be transmitted between Intermediaries without delay, unless the confirmation can be directly transmitted to the End Investor / Shareholder or a third party nominated by the End Investor / Shareholder.

PARTIES, INFORMATION FLOW, TIMELINES, LANGUAGE AND FORMAT  
ISSUER TO ISSUER CSD

**Standard 5.4**

The Confirmation of the Recording and Counting of Votes and any update thereof should be communicated to Intermediaries, and to End Investors / Shareholders who are able to receive such form of communication, in electronic and machine-readable formats using standards defined and used by the securities industry such as the ISO standards or methodology compatible with ISO, irrespective of the communication channel used.

**CONTENT**

**Standard 5.5**

The standards for the contents of the Confirmation of the Recording and Counting of Votes are based on IR 2018/1212 Table 7 listed below and the SMPG Standards.

<b>Type of Information</b>	<b>Description</b>	<b>Format</b>	<b>Originator of data</b>
1. Unique identifier of the confirmation	Unique number	[12 alphanumeric characters]	Issuer/Intermediary
2. Type of message	Specification of type confirmation	[4 alphanumeric characters]	Issuer/intermediary

3.	Unique identifier of event	Unique identifier of general meeting event.	[12 alphanumeric characters]	Issuer/intermediary
4.	ISIN	Definition.	[12 alphanumeric characters]	Issuer
5.	Date of the General Meeting		[Date (YYYYMMDD)]	Issuer
6.	Name of issuer		[140 alphanumeric characters]	Issuer
7.	Name of shareholder	[Optional field, if the name of shareholder is indicated.]	[140 alphanumeric characters. Format of Table 2, field C.2(a) or C.2(b)]	Issuer
8.	Name of third party nominated by the shareholder	[Optional field, if the name of third party nominated by the shareholder is indicated.]	[140 alphanumeric characters. Format of Table 2, field C.2(a) or C.2(b)]	
9.	Modality	Specification of the modality through which the votes that have been recorded and counted were received by the issuer, including whether this is ahead of the meeting or at the meeting.	[70 alphanumeric characters]	Issuer

10. Date and time of receipt	[Optional field, only if votes have been cast ahead of the general meeting]. Specification of the date and, where available, time on which the votes that have been recorded and counted were received.	[Date (YYYYMMDD); UTC (Coordinated Universal Time)]	Issuer
11. Unique identifier of votes	If available, unique identifier of the communication containing the votes recorded and counted by the issuer.	[12 alphanumeric characters]	Shareholder or third party nominated by the shareholder

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**Appendix 1:** List of JWGGM participants

**APPENDIX 1 - JWGGM MEMBER LIST**

Markus	Kaum	Chair
Michael	Collier	Deutsche Bank
Pierre	Colladon	Societe Generale
Karen	Weaver	BNY Mellon
Jonathan	Branagan	Citi
Shelby	Bostick	Citi
Andy	Callow	Computershare
Scott	Grant	JP Morgan
Javier	Illescas	Banco Santander
Juan Manuel	Vazquez	Emisores Españoles
Barbara Jean	Mairet	Abertis
Amanda	Lipuscek	Covestro AG
Michele	Amendolagine	Generali

Pierre	Marsal	ANSA
Paola	Spatola	Assonime
Dan	Toledano	Euroclear
Morten	Skanning	VP Securities
Ignacio	Jarabo	Iberclear
Pierluigi	Dimonopoli	Monte Titoli
Chiara	Rossetti	Monte Titoli
Leena	Ruostetsaari	Euroclear Finland
Michal	Krystkiewicz	KDPW
Corina	Oliveira	Interbolsa
Sabine	Wolff	Clearstream
Mariangela	Fumagalli	SMPG/BNP
Teresa	Afonso	BNP Paribas

Konrad	von Nussbaum	Adeus Aktienregister- Service-GmbH
Harald	Seisenbacher	OeKB
Barbara	Linath	BNP Paribas
Peter	Cotterill	Bank of America
Barbara	Domenici	ECSDA

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