



August 2020

## Shareholder Rights Directive II

We would like to take the opportunity to draw your attention to and inform you about the EU Directive mentioned above which might be relevant in the context of our banking business relationship.

### Background

Shareholder Rights Directive II (**SRD II** or the **Directive**) is an EU Directive that amends the original Shareholder Rights Directive and lays down new minimum requirements with regards to shareholder identification, the transmission of information by intermediaries and the rights of shareholders. The Directive aims to improve the dialogue and long-term engagement between shareholders and issuers (the companies in which they invest), by placing formal obligations on intermediaries to transmit information between these two parties and facilitate voting and corporate events.

### Application

As noted above, the Directive places additional obligations on intermediaries in respect of the services they provide to clients. Deutsche Bank Wealth Management acts in the role of intermediary as a result of the contractual relationship it has with its clients to provide custody services. Consequently, the Directive will apply to Deutsche Bank Wealth Management in its capacity as intermediary.

In terms of the shares to which SRD II applies, it is principally to equity securities with voting rights that are admitted to trading on a regulated market within the EEA and whose issuer has a registered office within the EEA.<sup>1</sup>

While some aspects of SRD II have been applicable since June 10, 2019 (or later in certain member states), the SRD II changes described in the following paragraphs will be effective in all member states from September 3, 2020.

### Key changes

The key changes implemented by SRD II from the perspective of intermediaries (including Deutsche Bank Wealth Management) are as follows:

Shareholder identification: the Directive imposes obligations on intermediaries to respond to disclosure requests from issuers about their underlying shareholders. The Directive sets out deadlines for identifying shareholders in certain circumstances, and outlines the information intermediaries are required to disclose about these shareholders. This includes information such as final shareholder name and address, and includes unique identification data (e.g., Legal Entity Identifier (LEI) for legal entities). A mandatory threshold of up to 0.5% can be applied by each Member State. This means any individual shareholder holding less than the mandatory threshold of shares does not need to disclose any information (and Deutsche Bank Wealth Management as intermediary does not need to disclose information about that shareholder to an issuer). Additionally, an issuer can impose any threshold on a case-by-case basis (within the restrictions imposed by the impacted Member State)

Corporate actions and general meetings information: the Directive also requires intermediaries to notify shareholders of general meetings and to ensure a shareholder can participate in voting in that meeting where relevant, and outlines deadlines by which intermediaries must transmit information in respect of corporate events (for example, general meetings).

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<sup>1</sup> It should be noted that Member States do have some discretion with respect to the definition of which types of securities fall under the SRD II obligations, so that the full picture of exactly which securities fall under the obligations will not be known until all Member States have completed the transposition of SRD II into their national law.



At the moment, the impact of Brexit upon the implementation of SRD II is unknown. Deutsche Bank Wealth Management is working on the assumption that UK securities and UK clients will be caught by the scope of SRD II. Once further information becomes available, we will share further updates as necessary.

Further details on the implementation of the Directive will be provided to clients as and when all Member State have transposed the Directive into local law and industry standards are finalised.

For further information on SRD II, please contact your Deutsche Bank Wealth Management Relationship Manager.

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