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SRD 2 Market service – Overview

Meeting with SMPG – 18 September 2019

SRD2 improves issuer-investor relationship & requires everyone to adapt

What is
SRD2 ?

What do
we
cover?

- Aims at **strengthening Issuer-Investor relationship** through obligation towards intermediaries for:
 - 1) Shareholder Identity (SI) Disclosure Request**
 - Answer issuer requests for Disclose holdings, as well as identity of beneficial owners on their books
 - Pass on the request to the intermediaries for whom they hold
 - 2) Annual General Meetings (AGM)**
 - Pass on agenda down intermediary chain and to all BOs
 - Enable voting
- **Impacted securities** are:
 - Equity issued by **EU issuers and listed on EU stock exchange(s)**
 - Possibility for local legislators to increase scope of securities
- **Out of scope of Euroclear service:** *transparency for institutional investors, asset managers and proxy advisors and increased corporate actions participation*



Euroclear has developed a value proposition to address main issuer & intermediaries concerns

Issuers

Intermediaries

Shareholder Identification

- Compliance with **data security and regulation**, especially around GDPR
- **Managing flows**: number of parties, variety of data, reconciliation

- Compliance in **complex set up** (counterparts, flows, deadlines, ...)
- Uncertainty regarding expected **volumes**

Annual General Meetings

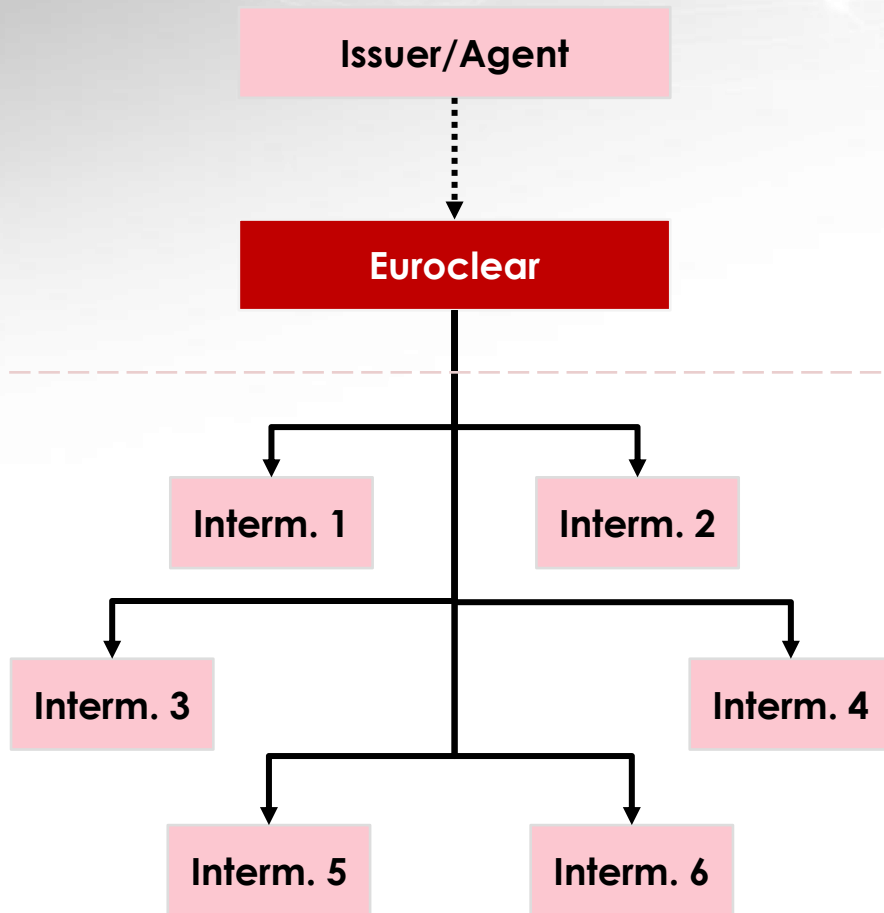
- Trigger and enable **accelerated process**
- Need further digitisation to **enable automation**

- **Impact on retail**: pass agendas, higher participation to vote, etc.
- Increase in data volumes and resulting **reconciliation issues**



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Addressing the needs of issuers



- Building on **Euroclear's network** and its reputation as a **trusted safekeeper** of data
- **Access to a single entry point to:**
 - Request shareholder Identification in **full SRD2 compliance**
 - **Receive feedback** in single, complete and easy to use report / dashboard
 - Provide **added value reporting** on shareholder data
 - Keep **data in single, secure place** respecting applicable legislation (incl. GDPR)
 - Get **accurate RD positions** in digital format
- Providing an **open platform enabling collaboration** with you and your provider(s) in the market
- Thus **enabling** further **digitisation** and **automation opportunities on your side**



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Next on Shareholder Identification

- Euroclear positions itself as SI Provider in all Group markets
- Discussions over the past months with various stakeholders confirmed the interest of the market in a Euroclear solution
- We are currently finalising a plan that will allow us to met the following key objectives:
 - Euroclear entities (CSDSs and EB) to be SRD II compliant by September 2020
 - Having a solution for SI Provider in all Group markets, incl. extending the offering in France to Belgium and the Netherlands (as a minimum)
- Detail of how we will achieve this will be decided upon in the next few weeks



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ESES General meetings offering

- Our objectives
 - Ensure compliance of ESES CSDs in their main roles in the context of GM services
 - Issuer CSD (First intermediary)
 - Investor CSD (Intermediary in the chain of holding)
 - Help ESES clients compliance
- Main services to be offered
 - For ESES domestic securities, allow issuer agents to notify Euroclear of upcoming meetings
 - Distribute meeting notifications for all SRD eligible equities accept in the ESES CSDs (both domestic and foreign)
 - Allow ESES clients to transmit their votes