

# ***EU institutions reached agreement on review of the Shareholder Rights Directive***

Last December the Council of the EU, European Commission and European Parliament (EP) agreed their review of the Shareholders Rights Directive.

Shareholders will have the right to vote on the compensation policy for company directors (“say on pay”) and the pay actually awarded must be transparent. The policy should also explain how employees’ pay and employment conditions are taken into account and how the policy contributes to the company’s long-term interests.

The rules require ownership intermediaries (such as a broker or bank) to identify any beneficial shareholders with holdings over 0.5% in response to company requests. The rule’s purpose is to simplify the exercise of shareholder rights.

Institutional investors and asset managers must develop and publicly disclose their policy on engaging shareholders, or explain why they have chosen not to do so. Proxy advisers will be subject to transparency requirements and a code of conduct.

## **Next steps**

Following formal adoption by the EP and the Council (due before May 2017), Member States will have 24 months to transpose the Directive into law.

