

## **European Corporate Governance Forum on Cross-Border Voting**

The European Corporate Governance Forum has reviewed the Proposal for a Directive of the European Parliament and of the Council on the exercise of voting rights by shareholders of companies having their registered office in a Member State and whose shares are admitted to trading on a regulated market and amending Directive 2004/109/EC, dated 5 January 2006 (COM 2005 685 final).

The Forum believes that the efficient exercise of voting rights by shareholders is of essential importance to the furtherance of good corporate governance and supports the Proposal as a major contribution to this end.

One of the stated objectives of the proposed directive is that problems relating to cross-border voting should be solved as a matter of urgency (recital (1) of the Proposal). In the current environment in which investors hold their shares through securities accounts with securities intermediaries, this requires, in the view of the Forum, that securities intermediaries are required to facilitate the exercise of voting rights by their clients. In cross-border situations, in which a chain of securities intermediaries exists between the company and the shareholder, all securities intermediaries in the chain will need to contribute to the exercise of voting rights by a shareholder, by passing on voting instructions or voting on the instructions of their clients, or by facilitating the granting of a proxy to vote to their clients.

In a memorandum that was prepared for the Forum by one its members the problems of cross-border voting have been set out and a possible solution has been suggested in the form of an amendment to article 13 of the Proposal. The memorandum is attached to this statement. The Forum endorses the proposal to solve the problem of cross-border voting by requiring securities intermediaries in the chain to facilitate the voting by their clients and recommends to the European Parliament and the Council that a solution along these lines be agreed and implemented as a matter of urgency.

The Forum also considered whether an obligation should be imposed as a matter of EU law on intermediaries to disclose to the issuing company the identity of the clients on whose behalf they hold shares, at least once a year in order for the company to be able to contact its shareholders and facilitate the exercise of voting rights. In the view of the Forum this is related to a wider set of issues relating to the identification of shareholders and disclosure of shareholdings, which needs further consideration before any obligation is to be imposed at EU level.

Brussels, June 2006