

Shareholder Rights Directive II

What you need to know

The Shareholder Rights Directive II (SRD II) is a European Union (EU) directive that aims to encourage long-term shareholder engagement in listed companies and to enhance transparency between companies and investors. The regulation came into force in September 2020.

Who?

The following are affected by the directive's new requirements:

- asset managers
- institutional investors
- custodians and central securities depositories (CSDs)
- third-country firms providing services with respect to in scope EU securities

What?

The directive introduces a number of new data requirements:

- Identification of shareholders
- Disclosure of corporate governance details around shareholder engagement
- The transmission of information between issuers, intermediaries and shareholders to take place in a near real-time basis

The directive brings with it data challenges that require specific attention from the following groups.

Asset managers and institutional investors will specifically need to develop and publicly disclose an engagement policy describing the way they integrate shareholder engagement into their investment strategy. For a complete assessment, asset managers and institutional investors will need to identify and report on all instruments in scope for SRD II in their portfolios.

Custodians and CSDs are assigned a key role as "intermediaries" in facilitating the transparency between companies and investors. As such, these firms will have an obligation to facilitate the exercise of rights by shareholders, including the right to participate and vote at general meetings. To comply, custodians and CSDs will require up-to-date access to corporate actions and ownership data.

A comprehensive SRD II data solution

Bloomberg's offering enables impacted firms to solve for both the transparency and disclosure requirements of SRD II. Our datasets connect seamlessly to provide a complete company and security level overview, and to facilitate compliance.

Identify if a security is in scope for SRD II

Every firm will need to understand when these requirements apply and whether they are servicing instruments in scope: Bloomberg's SRD II in-scope instrument data flag indicates whether a security is in scope for SRD II, in accordance with Directive (EU) 2017/828 and taking into account deviations when transposed into national law by EU member states.

Identify shareholders & facilitate the exercise of shareholder rights

Bloomberg's ownership data solution contains unique transaction and position data on security ownership. Additionally, our corporate-action data solution integrates information on shareholder meetings.

Bloomberg for Enterprise

Enterprise Data solutions provide holistic regulatory and reference data to help our clients comply with confidence. Backed by Bloomberg's industry-leading data and our team of regulatory experts, our solutions simplify the process of compliance with regulations and their unique requirements.

Today, banks, investment firms, asset managers and other financial institutions have to comply with an increasing number of regulatory requirements. Conceptually, each new regulation has the same goal of creating more transparency within financial markets; however, each new regime imposes an extra layer of complexity to ensure compliance. Navigating this regulatory maze can result in significant data management challenges for firms and making a misstep can expose them to the risk of non-compliance.

Take the next step.

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