

To: ECSDA
For the attention of: Anna Kulik

Via email: anna.kulik@ecsda.eu

21 March 2019

Dear Anna,

We write to you regarding Directive 2017/828 [Shareholders Rights Directive II or "SRDII"] and in particular the requirements around transmission of information relating to corporate events from issuer to shareholder.

As stated in Recital 8, "this Directive aims to improve the transmission of information along the chain of intermediaries to facilitate the exercise of shareholder rights." AFME members fully support this objective and note that ability of all intermediaries to achieve this is contingent on issuers' compliance with Article 3(b)-2, which sets out the requirement for "companies to provide intermediaries in a standardised and timely manner with the information."

It is in this regard that we wish to highlight the key role played by the issuer CSD, defined by Article 1(9) as the first intermediary in the chain. AFME recommends that issuer CSDs implement new standards into their membership or contract with the issuer to ensure the issuer is responsible for providing a "Golden Record".

Article 9 of the Implementing Regulation imposes new time constraints for intermediaries to pass on information received. Therefore, it is imperative that the information provided by the issuer to the first intermediary is complete and accurate. Information can then be passed through the chain of intermediaries to the end investor in the most efficient manner. It removes the requirement for all intermediaries (including issuer CSDs as the first intermediary) to engage in "data scrubbing" – i.e. verifying the source and accuracy of the information received. In an STP environment this could potentially mean the information is passed to the end investor on the same day it is announced.

We believe that adopting the necessary contractual measures referred to above is the best way for issuer CSDs to comply with their regulatory obligations as the first intermediary, and ultimately to uphold the spirit of the Directive.

We look forward to opportunities for further engagement on this topic.

Yours sincerely,



Stephen Burton
Managing Director, Post Trade
AFME



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Chair, Asset Servicing Committee
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