

# ESMA identifies areas for improvements in shareholder identification and communication systems

The European Securities and Markets Authority (ESMA) has published the [results of a recent study](#) carried out on the investment chain and, in particular, the functioning of shareholder identification and transmission of information between issuers and shareholders. The report presents a general assessment of the level of harmonisation of national regulatory frameworks, across the EEA.

The report has been submitted to the European Commission to provide input into the preparation of the implementing acts to specify minimum requirements on process, format and timeline for shareholder identification and transmission of information under the Shareholder Rights Directive (SRD II).

The report's findings and recommendations focus on:

- **Shareholder identification:** following the introduction by SRD II of an issuer's right to identify its shareholders, it would be useful if issuers and intermediaries were to follow harmonised processes on key aspects for the identification of shareholders. Harmonisation may be achieved by leveraging on existing regulatory frameworks, as identification processes are relatively common across the EEA;
- **Communication process:** it would be useful, for shareholders particularly, to harmonise key aspects of the transmission of information and shareholder communication. Here, SRD II implementing measures could assist if they facilitate a wider use of electronic means and so streamline and reduce the burden of communication duties for issuers and investors; and
- **Communication formats:** the report found that some standard information forms and formats are available in almost all jurisdictions, although in various ways and with non-harmonised content. The harmonisation of formats, at least to some extent, would facilitate a wider and more consistent use of electronic tools for communication of information.

Input for the study was gathered from national competent authorities via a questionnaire, and responses were received from 28 regulators.

## **Next steps**

ESMA has submitted the report to the European Commission. The revised Shareholder Rights Directive is expected to be published in the Official Journal in June 2017.

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# ESMA advises on draft legislation for CCP recovery and resolution

The Proposal gives CCPs' National Competent Authorities (NCAs) supervision and early intervention powers in relation to CCP recovery. For CCP resolution, the Proposal asks Member States to designate National Resolution Authorities (NRAs) to develop CCP resolution plans. In both cases, ESMA will have a mediator role to ensure consistency.

ESMA, in its opinion, expresses its views on arrangements for CCP recovery and resolution and, in particular, the impact of the proposal on ESMA as an organisation, including for its resources.

Steven Maijoor, ESMA Chair said:

"ESMA welcomes the proposal for a CCP Recovery and Resolution Regulation. CCPs are critical infrastructures reducing market risks. However, as they are systemically relevant and operate globally, we also need to have rules and procedures in place to be prepared in case of their failure.

"We appreciate the key role that the Regulation assigns to ESMA and we are prepared to perform the tasks assigned under the proposal."

The ESMA opinion proposes:

- to introduce additional requirements regarding NRAs' recovery plans in order to ensure a higher level of convergence, while providing the necessary flexibility to CCPs to select those recovery tools which best fit their business situation;
- to consider a more effective mediation mechanism; and
- to consider the implications ESMA's role has on its budget – e.g. to include a provision in the CCP Recovery and Resolution Regulation for ESMA to provide a budgetary impact assessment.

## **Background**

The Proposal envisages that the supervisory colleges, which are currently responsible for the supervision of CCPs under the European Market Infrastructure Regulation (EMIR), will also have to reach joint decisions on recovery issues. In addition, specific resolution colleges made up of NRAs will have to be established.

ESMA will have a mediation role within both supervisory and resolution colleges or decide when no joint opinion is reached. Moreover, the Proposal also amends EMIR to allow for the suspension of the clearing obligation in case a CCP enters into resolution.

The proposed regulation has been submitted to the European Parliament and Council for approval and adoption.

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## **[Opinion on EC proposal for CCP recovery and resolution regulation](#)**

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