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Insurance Europe response to the EC call for evidence on the Shareholder Rights Directive evaluation and review

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Contact person:	Philippe Angelis	E-mail:	Angelis@insuranceeurope.eu
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Insurance Europe welcomes the opportunity to provide views on the evaluation and possible review of the Shareholder Rights Directive (SRD) — promoting transparency, accountability, and long-term shareholder involvement remain highly relevant and deserve continued support. As the framework evolves, it is important that any adjustments further support efficient and well-functioning capital markets.

In this context, a review of the SRD provides a valuable opportunity to reflect on how the framework can be further streamlined and refined. The review should primarily focus on eliminating the remaining practical barriers that prevent shareholders from exercising their rights in practice. The guiding principle of the review should be to make voting easy and accessible for shareholders, rather than expanding reporting or procedural obligations in areas where the framework already functions and thereby adding further burdens on companies. Sufficient flexibility should be ensured for shareholders and uniform requirements and obligations should generally be eliminated to avoid unnecessary burden.

Any changes to the SRD should remain evidence-based and proportionate, taking into account practical implementation and the diversity of market participants. Where the current system is working well overall, stability should be preserved, while targeted improvements can help address specific challenges and enhance overall efficiency without imposing disproportionate costs or undermining existing, effective processes. Ultimately, what matters most is a well-functioning market and strong shareholder culture and effective shareholder participation can help build broad trust in capital markets.

The SRD I and SRD II have modernised shareholder engagement processes, including shareholder identification, information flows, and the exercise of rights. At the same time, experience shows that these developments have increased operational complexity for companies and institutional investors, particularly in areas such as information exchange and the organisation of general meetings. This highlights the importance of ensuring that future refinements focus on simplifying processes, reducing unnecessary administrative burdens, and maximising the effectiveness of the framework. In view of this, the review of SRD II should focus on significantly reducing the requirements and burdens imposed by the disclosure obligations on companies, asset managers, and investors, ensuring the greatest possible flexibility and avoiding a “one size fits all” requirements. Particularly with regard to disclosure, the burden is disproportionately high, and consideration should be given to limiting the disclosure requirements and the associated reporting obligations.

Insurance Europe aisbl
Rue du Champ de Mars 23, B-1050 Brussels
Tel: +32 2 894 30 00
E-mail : info@insuranceeurope.eu
www.insuranceeurope.eu

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The review of SRD should pursue a balanced and proportionate harmonisation of shareholder rights across the EU. The focus should be on addressing clearly identified shortcomings and removing practical obstacles in an otherwise well-functioning framework, while preserving legal certainty, national flexibility and market-based solutions. An overly ambitious or prescriptive overhaul, risks increasing complexity and compliance costs without delivering corresponding benefits for shareholder engagement or market efficiency.

Comments on specific areas

- **Scope and definition of shareholder**

The Directive's current approach — leaving the definition of who qualifies as a shareholder to Member States — should be retained to respect national company-law traditions and avoid introducing legal uncertainty across jurisdictions. While introducing a definition of shareholder may help reduce legal uncertainty in the exercise of cross-border shareholder rights due to inconsistent application of national rules to foreign issuers, it should still allow national company law to define the entitled party and the shareholder.

- **Interaction with intermediaries and information flows**

Intermediaries (investment firms, credit institutions, central securities depositories) play a central operational role in passing information and votes between companies and beneficial owners. The current market infrastructure for transmitting and executing voting instructions functions overall effectively, operational frictions still occur in practice, particularly where information is delayed within chains of intermediaries. These issues should be addressed through improved implementation, market standards and technological solutions, rather than new regulatory layers.

However, there are some areas where well targeted improvements would make sense. The pricing of services provided along the intermediary chain is in some cases insufficiently transparent. Market participants are not always informed in advance about the fees charged for specific services related to the transmission of information and the processing of voting instructions. Greater transparency and a clearer framework for the allocation and disclosure of costs would therefore be desirable to ensure predictability and fairness for all parties involved.

With regard to shareholder identification, practical experience shows that requests are not always answered fully when international intermediary chains are involved. In some cases, non-EU banks do not respond adequately to shareholder identification requests, which reduces the effectiveness of the existing framework. Ensuring that such requests are handled consistently and reliably across borders would contribute to improving the functioning of shareholder identification in practice.

Furthermore, the possibility for Member States to introduce thresholds for shareholder identification requests creates practical difficulties in cross-border situations. In practice, intermediaries must monitor and apply different thresholds across Member States, which increases operational complexity and administrative burden. Removing this Member State option and applying a harmonised approach would simplify the processing of shareholder identification requests.

- **Deadlines and AGM materials**

While overly prescriptive or shorter deadlines should be avoided, there is a clear need to address misalignments between the timing of vote cut-off dates and the publication of AGM materials. Harmonised principles at EU level could improve shareholder decision-making without undermining operational flexibility

- **Differentiated voting rights**

While it is important to safeguard shareholders' ability to exercise voting rights across different share classes, any EU-level action regarding differentiated voting rights should be limited and avoid further harmonisation that could undermine well-functioning national models.

- **Institutional investors and asset managers (Articles 3g–3i)**

The "comply or explain" approach is appropriate. Any new obligations must preserve investors' ability to withhold genuinely sensitive information and avoid disproportionate burdens, especially where shareholder bases change frequently.

- **Proxy advisors (Article 3j)**

The current regulatory framework for proxy advisors should be maintained. Proxy advisors deliver economies of scale and enable institutional investors to analyse large volumes of meetings and resolutions efficiently. While concentration in the proxy-advisory market is a risk, any regulatory response must be proportionate, avoid raising costs or reducing access, and preserve investors' ultimate decision-making sovereignty. Increased transparency on proxy advisors' decision-making process will also be beneficial.

- **General meetings and minutes**

Making it mandatory to record and publish all shareholder questions and company responses in AGM minutes risks discouraging open dialogue and could force disclosure of commercially sensitive information. While fully virtual AGMs should be possible, meaningful shareholder participation, open dialogue and effective exercise of shareholder rights in practice need to be safeguarded. Therefore, we believe that hybrid meetings offer the best balance between accessibility and engagement and should be encouraged where feasible.

- **Remuneration and related-party transactions**

Member States should retain flexibility on advisory votes on remuneration to reflect national corporate-governance differences. The existing requirements for remuneration reports should be maintained, and no further standardization should be introduced. Remuneration structures vary significantly across companies and are often influenced by sector-specific conditions. A uniform set of additional requirements would therefore not adequately reflect these differences. It should also be taken into account that certain information required to be disclosed is already contained in other reports and should therefore not be redundantly repeated in the remuneration report. In particular, the disclosure of the average remuneration of employees in relation to the average remuneration of directors is already included in the sustainability report in accordance with CSRD/ESRS. Related-party transaction rules should continue to protect minority shareholders by requiring public announcement and appropriate approval mechanisms.

- **Enforcement**

Member States must provide effective, proportionate and dissuasive measures and penalties to ensure SRD rights are enforceable in practice. Efforts on enforcement should focus on practical shortcomings rather than institutional redesign.

Recommendations

- Avoid prescriptive harmonisation where not needed. While targeted harmonisation can support cross-border activity and help reduce costs for issuers, intermediaries and investors operating across multiple markets, it is essential to preserve Member State discretion on shareholder definitions and certain procedural matters to prevent legal fragmentation and unnecessary compliance costs.
- Keep market infrastructure changes minimal — do not introduce structural changes to voting transmission absent clear evidence of systemic failure.
- Retain "comply or explain" for investor engagement — resist one-size-fits-all disclosure mandates (e.g., per-investee annual engagement reports) that would create operational and confidentiality issues.
- Calibrate any proxy-advisor measures — if action is taken on market concentration, ensure it is narrowly targeted, proportionate, and preserves access and affordability for smaller institutional investors.
- Protect constructive AGM dialogue — avoid mandatory publication of full Q&A in minutes; instead encourage best-practice guidance on transparency that balances shareholder information needs with commercial confidentiality.
- While hybrid meetings offer the best balance between accessibility and engagement, virtual meetings should be allowed for flexibility.

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