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EACB Answer to the European Commission's public consultation on the update of the rules on Shareholder Rights

5 May 2026

The **European Association of Co-operative Banks** (EACB) is the voice of the cooperative banks in Europe. It represents, promotes and defends the common interests of its 29 member institutions and of cooperative banks in general. Cooperative banks form decentralised networks which are subject to banking as well as cooperative legislation. Democracy, transparency and proximity are the three key characteristics of the cooperative banks' business model. With 2,400 locally operating banks and 35,150 outlets cooperative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 228 million customers, mainly consumers, retailers and communities. The cooperative banks in Europe represent 91 million members and 747,000 employees and have a total average market share of about 20%.
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Introduction

The EACB welcomes the opportunity to provide its feedback on the potential revision of the Shareholder Rights Directive (SRD) I and II through the public consultation launched by the European Commission in February 2026. The revision comes at an important moment for European capital markets, as the EU seeks to strengthen its competitiveness, encourage cross-border investment and advance the objectives of the Savings and Investments Union (SIU). In this context, an efficient and harmonised framework for the exercise of shareholder rights is essential to support investor participation, corporate governance and the integration of capital markets across the Union.

The EACB acknowledges that the SRD II has brought important improvements to the functioning of shareholder rights, notably through enhanced shareholder identification processes, clearer responsibilities for intermediaries and greater use of standardised messaging. These developments have contributed to more transparency and better communication between issuers, shareholders and intermediaries.

Nonetheless, significant challenges remain. Operational frictions along cross-border custody chains, divergent national implementation of the Directive and persisting communication inefficiencies continue to hinder the effective exercise of shareholder rights. While the Commission's efforts towards harmonisation should be recognised, the uneven transposition of the Directive across Member States has limited the achievement of a truly integrated framework.

Against this background, the EACB supports a targeted revision of the SRD that addresses existing practical obstacles, further promotes harmonisation and digitalisation, and ensures that shareholder rights can be exercised effectively, efficiently and consistently across the EU.

Shareholders

The EACB considers that, while the SRD II has improved Shareholder Identification (SI) through clearer deadlines, an EU-wide right for issuers to request SI, wider use of ISO 20022 messaging and the introduction of an EU-wide right for issuers to request shareholder identification, important shortcomings remain. In particular, the EACB highlights that issuers still face difficulties, especially in cross-border chains, in identifying ultimate beneficial owners due to delays or failures along intermediary chains.

Furthermore, the current framework does not sufficiently address inefficiencies such as multiple notifications for the same corporate action. In this context, the EACB believes that the scope of SRD II should be clarified and limited to ordinary shares traded on recognised platforms, excluding instruments such as bonds, and that the system should ensure that shareholders receive a single, meaningful notification per event in order to facilitate the effective exercise of their rights.

Interactions between companies, shareholders and intermediaries

The EACB considers that interactions between companies, shareholders and intermediaries remain hindered by structural and technical barriers. In particular, the inability for companies to know which shareholders can be identified and combined with fragmented communication systems and differing formats, continues to undermine effective engagement. Also the high costs applied along the custody chain constitute a deterrent to participation in cross-border shareholders' meetings and corporate events. A key gap is that the SRD II voting process does not automatically include shareholder registration, requiring a separate message. This should be automated once the shareholder elects to participate to a general meeting.

While the use of SWIFT-based messaging has improved information flows, cross-border communication is still affected by delays across custody chains. Further progress is needed on ISO 20022-based technological standardisation by CSDs and Proxy Agents to support a single, harmonised messaging framework and reduce implementation costs for intermediaries. At the same time, the EACB underlines that full automation through straight-through processing should be approached cautiously, as certain processes may still require human oversight to ensure accuracy and preserve shareholder intent.

Exercise of shareholder rights

The EACB considers that the effective participation of shareholders in general meetings remains hindered by divergent national requirements and operational obstacles, particularly in cross-border situations. Differences in formats, deadlines, shareholder identification rules and requirements to prove entitlement continue to create legal uncertainty and reduce investor engagement. The EACB supports greater harmonisation of these aspects at EU level, including common conditions for the attendance of shareholders and proxy holders, harmonised timelines and standardised protocols for vote casting and counting to preserve shareholders' ability to exercise their rights both during and prior to meetings.

General meeting of shareholders

The EACB considers that the organisation and functioning of general meetings of shareholders, particularly in cross-border contexts, remain affected by legal fragmentation and operational inefficiencies. Differences in national requirements regarding formats, deadlines and identification rules create barriers to participation and undermine the effective exercise of shareholder rights.

The EACB therefore advocates for greater flexibility, including the broader use of hybrid meeting formats, as well as further harmonisation at EU level to ensure a consistent and accessible framework. In addition, the EACB highlights that participation is often discouraged by high fees and operational complexity, and therefore calls for measures ensuring that all central securities depositories (CSDs) facilitate participation in general meetings when acting as investors.

General considerations on the SRD framework

The EACB emphasises that, despite the progress achieved through the SRD II, further harmonisation across Member States remains essential to fully realise the Directive's objectives. The current reliance on a directive has resulted in uneven transposition and divergent national practices, limiting the effectiveness of shareholder rights across the EU.

The EACB therefore considers that a shift towards a Regulation would be more appropriate, ensuring uniform application and strengthening integration within the Single Market. Furthermore, the EACB stresses that the effective exercise of shareholder rights requires greater transparency on intermediary fees, which should be publicly disclosed, non-discriminatory and proportionate. While initiatives such as a central database of fee structures are welcome, further progress is needed to reduce costs, improve transparency and support a harmonised and efficient framework for shareholder engagement across borders.

Contact:

The EACB trusts that its comments will be taken into account.

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