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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement and Directive 2013/34/EU as regards certain elements of the corporate governance statement 4 column-table

In view of the Company Law Attachés' meeting on 14 September 2015, delegations will find attached a 4 column-table with the Commission proposal, the Council mandate (Coreper of 25 March 2015) and the European Parliament's position.

ANNEX

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement and Directive 2013/34/EU as regards certain elements of the corporate governance statement

2014/0121 (COD)

NOTE: Differences between the EP position and the Commission's proposal are indicated in bold/italics in the first and third column. Differences between the Council's General approach and the Commission's proposal are indicated in bold/underlined and strike-through in the second column.

Commission proposal	Council mandate (25/03/15)	EP Position	Compromise proposal
2014/0121 (COD)	2014/0121 (COD)	2014/0121 (COD)	
Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	
amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement and Directive 2013/34/EU as regards certain elements of the corporate governance statement (Text with EEA relevance)	amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ~~and Directive 2013/34/EU as regards certain elements of the corporate governance statement~~ (Text with EEA relevance)	amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, Directive 2013/34/EU as regards certain elements of the corporate governance statement ***and Directive 2004/109/EC*** (Text with EEA relevance)	

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50 and 114 thereof,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50 and 114 thereof,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50 and 114 thereof,	
Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national Parliaments, Having regard to the opinion of the European Economic and Social Committee	Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national Parliaments, Having regard to the opinion of the European Economic and Social Committee	Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national Parliaments, Having regard to the opinion of the European Economic and Social Committee	
After consulting the European Data Protection Supervisor, Acting in accordance with the ordinary legislative procedure,	After consulting the European Data Protection Supervisor, Acting in accordance with the ordinary legislative procedure,	After consulting the European Data Protection Supervisor, Acting in accordance with the ordinary legislative procedure,	
Whereas:	Whereas:	Whereas:	

(1) Directive 2007/36/EC of the European Parliament and of the Council establishes requirements in relation to the exercise of certain shareholder rights attaching to voting shares in relation to general meetings of companies which have their registered office in a Member State and whose shares are admitted to trading on a regulated market situated or operating within a Member State.	(1) Directive 2007/36/EC of the European Parliament and of the Council establishes requirements in relation to the exercise of certain shareholder rights ~~attaching~~**attached** to voting shares in relation to general meetings of companies which have their registered office in a Member State and whose shares are admitted to trading on a regulated market situated or operating within a Member State.	(1) Directive 2007/36/EC of the European Parliament and of the Council establishes requirements in relation to the exercise of certain shareholder rights attaching to voting shares in relation to general meetings of companies which have their registered office in a Member State and whose shares are admitted to trading on a regulated market situated or operating within a Member State.	
(2) The financial crisis has revealed that shareholders in many cases supported managers' excessive short-term risk taking. Moreover, ***there is clear evidence that*** the current level of "monitoring" of investee companies and engagement by institutional investors and asset managers is inadequate, which ***may lead*** to suboptimal corporate governance and performance of listed companies.	(2) The financial crisis has revealed that shareholders in many cases supported managers' excessive short-term risk taking. Moreover, there is clear evidence that the current level of "monitoring" of investee companies and engagement by institutional investors and asset managers is inadequate, which may lead to suboptimal corporate governance and performance of listed companies.	(2) ***Although they do not own corporations, which are separate legal entities beyond their full control, shareholders play a relevant role in the governance of those corporations.*** The financial crisis has revealed that shareholders in many cases supported managers' excessive short-term risk taking. Moreover, the current level of "monitoring" and engagement ***in investee companies*** by institutional investors and asset managers is ***often*** inadequate ***and too much focused on short-term returns***, which ***leads*** to suboptimal corporate governance and performance of listed companies.	

		(2a) Greater involvement of shareholders in companies' corporate governance is one of the levers that can help improve the financial and non-financial performance of those companies. Nevertheless, since shareholder rights are not the only long-term factor which needs to be taken into consideration in corporate governance, they should be accompanied by additional measures to ensure a greater involvement of all stakeholders, in particular employees, local authorities and civil society.	
(3) In the Action Plan on European company law and corporate governance the Commission announced a number of actions in the area of corporate governance, in particular to encourage long-term shareholder engagement and to enhance transparency between companies and investors.	(3) In the Action Plan on European company law and corporate governance the Commission announced a number of actions in the area of corporate governance, in particular to encourage long-term shareholder engagement and to enhance transparency between companies and investors.	(3) In the Action Plan on European company law and corporate governance the Commission announced a number of actions in the area of corporate governance, in particular to encourage long-term shareholder engagement and to enhance transparency between companies and investors.	

(4) In order to further facilitate the exercise of shareholder rights and engagement between listed companies and shareholders, listed companies should have the ***possibility*** to ***have their*** shareholders ***identified*** and directly communicate with them. Therefore, this Directive should provide for a framework to ensure that shareholders can be identified.	(4) In order to further facilitate the exercise of shareholder rights and engagement between listed companies and shareholders, listed companies should have the ~~possibility~~**right** to have their shareholders identified and directly communicate with them. ~~Therefore, this Directive should provide for a framework~~**In order** to ~~ensure that~~**achieve those objectives, intermediaries maintaining securities accounts on behalf of** shareholders ~~can~~ **or other intermediaries should** be ~~identified.~~ **obliged, on the request of the company or of a third party designated by the company, to communicate to the company information regarding shareholder identity.** **(4b) In view of the requirements laid down by EU law regarding the protection of personal data, in particular of Articles 7, 8 and 52 of the Charter of fundamental rights of the European Union and of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995, as interpreted by the Court of justice, which apply to the processing of shareholders' personal data under this Directive,**	(4) In order to further facilitate the exercise of shareholder rights and engagement between listed companies and shareholders, listed companies should have the ***right*** to ***identify*** their shareholders and directly communicate with them. Therefore***, to improve transparency and dialogue,*** this Directive should provide for a framework to ensure that shareholders can be identified.	

	the legislator has struck a balance between, on the one hand, the objectives pursued by this Directive, and, on the other hand, the right to privacy and to the protection of personal data of shareholders.		
	(4c) The transmission of information regarding shareholder identity by the intermediaries to the company is a useful addition to the existing framework laid down by Directive 2007/36/EC and is necessary in order to enable companies to communicate directly with their shareholders with a view to further facilitating the exercise of shareholders' rights and engagement with the company, in particular in case of cross border situations and through virtual means. **(4d) In order to achieve this objective, a certain level of information on shareholder identity needs to be transmitted to the company. That information should include at least the name of the shareholder, for legal persons a registration number or where available a unique identifier, such as Legal Entity Identifier (LEI code), contact details and the**		

	number of shares and where available voting rights held by that shareholder. The transmission of less information would not enable the company to identify its shareholders and to communicate with them. Nevertheless, in order to focus identification to shareholders that may have the largest influence on company's decisions and thus to limit the interference with shareholders' rights to the protection of their personal data, Member States should be allowed to exclude from the identification requirement shareholders holding less than a certain level of shares.		

	(4e) In order to enable the company to communicate with its shareholders, the company and the intermediaries should be allowed to store the information regarding shareholder identity as long as the person concerned remains a shareholder. However, in view of the principle of proportionality, the information regarding shareholder identity should not be stored for longer than necessary in order to achieve the objective pursued by this Directive, and in any event, for more than two years after the company or the intermediary has learnt that the person concerned has ceased to be a shareholder, without prejudice to any longer storage period that might be laid down by EU sectorial legislation. **In this respect, imposing on companies and intermediaries to delete information regarding shareholder identity immediately on the day after the person concerned has effectively ceased to be a shareholder would not allow the achievement of the objective**		

	pursued by this Directive since the company or the intermediary may need to communicate with the person concerned even after he or she has ceased to be a shareholder. Moreover, such an obligation would impose a heavy administrative burden on companies: many companies do not identify their shareholders on an ongoing basis but only request shareholder identification in connection with general meetings, important corporate events such as takeover bid and mergers. In certain cases, companies do not request such information and may not even be aware that a person has ceased to be a shareholder if not informed by the person concerned himself, in particular for small shareholders.		
	(4f) Information regarding shareholders identity should be processed under this Directive for the purpose of identification of shareholders by the company in order to enable the company to communicate directly with them with the view to further facilitating the exercise of shareholders' rights and engagement with the company. Nevertheless, further processing of		

	such information for other purposes might be necessary, in particular in order to comply with requirements laid down by EU or national law. Therefore Member States should be allowed to authorise further processing of information regarding shareholder identity for other purposes. **Further processing could include for example the storage of such information by companies and intermediaries for a longer period than the initial storage period provided by this Directive for other purposes such as tax control; the transmission of the information to other shareholders for other purposes such as enabling them to cooperate with each other with the view to further encourage engagement; the keeping of the company's shareholder registers as required by national law for other purposes such as keeping track of property rights attached to the shares of a company; the disclosure of such information to the public, and eventually for longer period than initial retention period provided in this Directive, for other purposes such as transparency**		

	purposes; or the transmission of information regarding shareholder identity to the national authorities for other purposes, such as fight against money laundering or supervision of financial and capital markets.		
(5) The effective exercise of their rights by shareholders depends to a large extent on the efficiency of the chain of intermediaries maintaining securities accounts for shareholders, especially in a cross-border context. This Directive aims at improving the transmission of information by intermediaries through the equity holding chain to facilitate the exercise of shareholder rights.	(5) **Where companies do not directly communicate with their shareholders,** the effective exercise of their rights by shareholders depends to a large extent on the efficiency of the chain of intermediaries maintaining securities accounts ~~for~~**on behalf of** shareholders **or other intermediaries**, especially in a cross-border context. This Directive aims at improving the transmission of information by intermediaries through the equity holding chain to facilitate the exercise of shareholder rights.	(5) The effective exercise of their rights by shareholders depends to a large extent on the efficiency of the chain of intermediaries maintaining securities accounts for shareholders, especially in a cross-border context. This Directive aims at improving the transmission of information by intermediaries through the equity holding chain to facilitate the exercise of shareholder rights.	
(6) In view of the important role of intermediaries they should be obliged to facilitate the exercise of rights by ***the shareholder both*** when ***he*** would like to exercise these rights ***himself*** or ***wants*** to nominate a third person to do so. When ***the shareholder does*** not want to exercise the rights ***himself*** and *has* nominated the	(6) In view of the important role of intermediaries they should be obliged to facilitate the exercise of rights by the shareholder both when he would like to exercise these rights himself or wants to nominate a third person to do so. When the shareholder does not want to exercise the rights himself and has nominated the intermediary as a third person, the latter should ~~be~~	(6) In view of the important role of intermediaries they should be obliged to facilitate the exercise of rights by ***shareholders*** when ***shareholders*** would like to exercise these rights ***themselves*** or ***would like*** to nominate a third person to do so. When ***shareholders do*** not want to exercise the rights ***themselves*** and ***have*** nominated the intermediary as	

intermediary as a third person, the latter should be obliged to exercise these rights upon the explicit authorisation and instruction of the shareholder and for ***his*** benefit.	~~obliged to~~ exercise these rights upon the explicit authorisation and instruction of the shareholder and for his benefit.	a third person, the latter should be obliged to exercise these rights upon the explicit authorisation and instruction of the shareholders and for ***their*** benefit.	
	(6a) It is important to ensure that shareholders, who engage in the investee companies through voting have the knowledge of whether and how their votes have been taken into account. In case of electronic voting, a confirmation of receipt of votes should be provided to the person that casts the vote. In addition, each shareholder who casts a vote in a general meeting should at least have the possibility to verify after the general meeting whether his vote has been validly recorded and counted by the company.		
(7) In order to promote equity investment throughout the Union and the exercise of rights related to shares, this Directive should prevent price discrimination of cross-border as opposed to purely domestic share holdings ***by means of better disclosure of prices, fees and charges of*** services provided by	(7) In order to promote equity investment throughout the Union and the exercise of rights related to shares, this Directive should prevent price discrimination of cross-border as opposed to purely domestic share holdings by means of better disclosure of prices, fees and charges of services provided by intermediaries. ~~Third country intermediaries which have~~	(7) In order to promote equity investment throughout the Union and the exercise of rights related to shares, this Directive should ***establish a high degree of transparency with regard to costs of services provided by intermediaries. In order to*** prevent price discrimination of cross-border as opposed to purely domestic share	

intermediaries. Third country intermediaries which have established a branch in the Union should be subject to the rules on shareholder identification, transmission of information, facilitation of shareholder rights and transparency of ***prices***, fee and charges to ensure effective application of the provisions on shares held via such intermediaries;	~~established a branch in the Union should be subject to the rules on shareholder identification, transmission of information, facilitation of shareholder rights and transparency of prices, fee and charges to ensure effective application of the provisions on shares held via such intermediaries;~~**Unjustified differences between charges levied for domestic and cross-border exercise of shareholder rights should not be allowed.** **(7a) The chain of intermediaries may include intermediaries having their registered office or their head office outside the Union. Nevertheless, the activities carried out by those third-country intermediaries could have effects on the long-term sustainability of EU companies and on corporate governance in the Union. Moreover, in order to achieve the objectives pursued by this Directive, it is necessary to ensure that information is transmitted throughout the whole chain of**	holdings***, any differences in the costs levied between domestic and cross-border exercise of rights should be duly justified and should reflect the variation in actual costs incurred for delivering the*** services provided by intermediaries. Third country intermediaries which have established a branch in the Union should be subject to the rules on shareholder identification, transmission of information, facilitation of shareholder rights and transparency of ***costs*** to ensure effective application of the provisions on shares held via such intermediaries.	

	intermediaries. If third-country intermediaries were not subject to this Directive and would not have the same obligations related to the transmission of information as the Union intermediaries, the flow of information would be at risk of being interrupted.		
	Therefore, third country intermediaries which provide services of safekeeping and administration with respect to shares of companies which have their registered office in a Member State and whose shares are admitted to trading on a regulated market situated or operating within a Member State should be subject to the rules on shareholder identification, transmission of information, facilitation of shareholder rights and transparency of prices, fee and charges to ensure effective application of the provisions on shares held via such intermediaries. **(7b) This Directive is without prejudice of national laws of Member States regulating the holding and ownership of securities and the arrangements maintaining the integrity of securities and does**		

	not affect the beneficial owners or other persons who are not the shareholders under the applicable national law.		
(8) Effective and sustainable shareholder engagement is ***one of the cornerstones*** of listed companies' corporate governance model, which depends on checks and balances between the different organs and different stakeholders.	(8) Effective and sustainable shareholder engagement is one of the cornerstones of listed companies' corporate governance model, which depends on checks and balances between the different organs and different stakeholders.	(8) Effective and sustainable shareholder engagement is ***a relevant element*** of listed companies' corporate governance model, which depends on checks and balances between the different organs and different stakeholders. ***Proper involvement of stakeholders, in particular employees, should be considered an element of utmost importance in developing a balanced European framework on corporate governance***.	
(9) Institutional investors and asset managers are important shareholders of listed companies in the Union and therefore can play ***an important*** role in the corporate governance of these companies, but also more generally with regard to the strategy and long-term performance of these companies. However, the experience of the last years has shown that institutional investors and asset managers often do not engage with companies in which they	(9) Institutional investors and asset managers are **often** important shareholders of listed companies in the Union and therefore can play an important role in the corporate governance of these companies, but also more generally with regard to the strategy and long-term performance of these companies. However, the experience of the last years has shown that institutional investors and asset managers often do not engage with companies in which they hold shares and evidence shows that capital markets exert pressure on companies	(9) Institutional investors and asset managers are ***often*** important shareholders of listed companies in the Union and therefore can play ***a significant*** role in the corporate governance of these companies, but also more generally with regard to the strategy and long-term performance of these companies. However, the experience of the last years has shown that institutional investors and asset managers often do not engage ***properly*** with companies in which they hold shares and that capital markets ***often*** exert	

hold shares and ***evidence shows*** that capital markets exert pressure on companies to perform in the short term, which ***may lead*** to a suboptimal level of investments, for example in research and development to the detriment to long-term performance of both the companies ***and the investor***.	to perform in the short term, which may lead to a suboptimal level of investments, for example in research and development to the detriment to long-term performance of both the companies and the investor.	pressure on companies to perform in the short term, which ***jeopardizes the long–term financial and non-financial performance of companies and leads, among several other negative consequences,*** to a suboptimal level of investments, for example in research and development to the detriment ***of the*** long-term performance of the companies.	
(10) Institutional investors and asset managers are often not transparent about investment strategies and their engagement policy ***and the*** implementation thereof. Public disclosure of such information could have a positive impact on investor awareness, enable ultimate beneficiaries such as future pensioners optimise investment decisions, facilitate the dialogue between companies and their shareholders, ***encourage*** shareholder engagement and strengthen companies' accountability to civil society.	(10) Institutional investors and asset managers are often not transparent about investment strategies and their engagement policy and the implementation thereof. Public disclosure of such information could have a positive impact on investor awareness, enable ultimate beneficiaries such as future pensioners optimise investment decisions, facilitate the dialogue between companies and their shareholders, encourage shareholder engagement and strengthen ~~companies'~~**their** accountability to civil society.	(10) Institutional investors and asset managers are often not transparent about investment strategies and their engagement policy, implementation ***and results*** thereof. Public disclosure of such information ***would*** have a positive impact on investor awareness, enable ultimate beneficiaries such as future pensioners optimise investment decisions, facilitate the dialogue between companies and their shareholders, ***enhance*** shareholder engagement and strengthen companies' accountability to ***stakeholders and*** civil society.	
(11) Therefore, institutional investors and asset managers should develop a policy on shareholder engagement, which	(11) Therefore, institutional investors and asset managers should develop a policy on shareholder engagement, which determines, amongst others,	(11) Therefore, institutional investors and asset managers should develop a policy on shareholder engagement, which determines,	

determines, amongst others, how they integrate shareholder engagement in their investment strategy, monitor investee companies, conduct dialogues with investee companies and exercise voting rights. Such engagement policy should include policies to manage actual or potential conflicts of interests, such as the provision of financial services by the institutional investor or asset manager, or companies affiliated to them, to the investee company. This policy, its implementation and the results thereof should be publicly disclosed on an annual basis. Where institutional investors or asset managers decide not to develop an engagement policy and/or decide not to disclose the implementation and results thereof, they shall give a clear and reasoned explanation as to why this is the case.	how they integrate shareholder engagement in their investment strategy, monitor investee companies, conduct dialogues with investee companies and exercise voting rights. Such engagement policy should include policies to manage actual or potential conflicts of interests, such as the provision of financial services by the institutional investor or asset manager, or companies affiliated to them, to the investee company. This policy~~,~~ **and** its implementation ~~and the results thereof~~ should be publicly disclosed on ~~an annual basis~~ **line**. Where institutional investors or asset managers decide not to develop an engagement policy and/or decide not to disclose the implementation ~~and results thereof~~, they shall give a clear and reasoned explanation as to why this is the case.	amongst others, how they integrate shareholder engagement in their investment strategy, monitor investee companies, ***including their environmental and social risks,*** conduct dialogues with investee companies ***and their stakeholders*** and exercise voting rights. Such engagement policy should include policies to manage actual or potential conflicts of interests, such as the provision of financial services by the institutional investor or asset manager, or companies affiliated to them, to the investee company. This policy, its implementation and the results thereof should be publicly disclosed ***and sent to the institutional investors' clients*** on an annual basis. Where institutional investors or asset managers decide not to develop an engagement policy and/or decide not to disclose the implementation and results thereof, they shall give a clear and reasoned explanation as to why this is the case.	

	(11a) Institutional investors and asset managers should publically disclose information about how they exercised their voting rights. However, a requirement to disclose all votes cast may be disproportionate if the investor has only a very minor stake in the investee company. Furthermore, this Directive aims at incentivising informed voting, whereas a requirement to disclose all votes may result in outsourcing of voting for compliance reasons, especially for minor stakes. Therefore, while investors should remain free to disclose all votes cast, the Directive sets a threshold of 1% of the voting rights for the purposes of calculating the disclosure of voting records. The threshold of 1% of voting rights incentivizes transparency about voting on at least the biggest stakes of institutional investors and asset managers. For the purposes of the calculation of this threshold, the principle of aggregation would apply, i.e. the number of voting rights held by individual funds		

	managed by the same asset manager or institutional investor would be calculated on an aggregated basis. **This would help to ensure that investors managing largely diversified portfolios on a fund basis would also be incentivized to be transparent about votes cast.**		
(12) Institutional investors should annually disclose to the public how their ***equity*** investment strategy is aligned with the profile and duration of their liabilities and how it contributes to the medium to long-term performance of their assets. Where they make use of asset managers, either through discretionary mandates involving the management of assets on an individual basis or through pooled funds, they should disclose to the public the main elements of the arrangement with the asset manager with regard to a number of issues, such as whether it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the liabilities of the institutional	(12) Institutional investors should annually disclose to the public how **the principles underlying** their equity investment strategy ~~is~~**are** aligned with the ~~profile and duration~~**long-term horizon** of their liabilities and how ~~it contributes~~**they contribute** to the medium to long-term performance of their assets. ~~Where they make use of asset managers, either through discretionary mandates involving the management of assets on an individual basis or through pooled funds, they should disclose to the public the main elements of the arrangement with the asset manager with regard to a number of issues, such as whether it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the liabilities of the institutional investor, whether it incentivises the asset~~	(12) Institutional investors should annually disclose to the public how their investment strategy is aligned with the profile and duration of their liabilities and how it contributes to the medium to long-term performance of their assets. Where they make use of asset managers, either through discretionary mandates involving the management of assets on an individual basis or through pooled funds, they should disclose to the public the main elements of the arrangement with the asset manager with regard to a number of issues, such as whether it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the liabilities of the institutional investor, whether it incentivises the asset manager to make investment decisions based on	

investor, whether it incentivises the asset manager to make investment decisions based on medium to long-term company performance and to engage with companies, how it evaluates the asset managers performance, the structure of the consideration for the asset management services and the targeted portfolio turnover. This would contribute to a proper alignment of interests between the final beneficiaries of institutional investors, the asset managers and the investee companies and potentially to the development of longer-term investment strategies and longer-term relationships with investee companies involving shareholder engagement.	~~manager to make investment decisions based on~~**A** medium to long-term ~~company performance and to engage with companies, how it evaluates the asset managers performance, the structure of the consideration for the asset management services and the targeted portfolio turnover.~~ **approach is a key enabler of responsible stewardship of assets.** ~~This would contribute to a proper alignment of interests between the final beneficiaries of institutional investors, the asset managers and the investee companies and potentially to the development of longer-term investment strategies and longer-term relationships with investee companies involving shareholder engagement.~~ **Where they make use of asset managers, either through discretionary mandates involving the management of assets on an individual basis or through pooled funds, institutional investors should disclose to the public the main elements of the arrangement with the asset manager with regard to a number of issues, such as how it evaluates the asset managers**	medium to long-term company performance and to engage with companies, how it evaluates the asset managers performance, the structure of the consideration for the asset management services and the targeted portfolio turnover. This would contribute to a proper alignment of interests between the final beneficiaries of institutional investors, the asset managers and the investee companies and potentially to the development of longer-term investment strategies and longer-term relationships with investee companies involving shareholder engagement.	

	performance including its remuneration, how they monitor portfolio turnover costs incurred by the asset manager, and how they incentivise the asset manager to engage in the best medium-to long-term interest of the institutional investor.		
	This would contribute to a proper alignment of interests between the final beneficiaries of institutional investors, the asset managers and the investee companies and potentially to the development of longer-term investment strategies and longer-term relationships with investee companies involving shareholder engagement.		
(13) Asset managers should be required to disclose ***to institutional investors*** how their investment strategy and the implementation thereof is in accordance with the asset management arrangement and how the investment strategy and decisions contributes to medium to long-term performance of the assets of the institutional investor. Moreover, ***they*** should disclose whether they make investment decisions on the basis of	(13) ~~Asset managers should be required to disclose to institutional investors how their investment strategy and the implementation thereof is in accordance with the asset management arrangement and how the investment strategy and decisions contributes to medium to long-term performance of the assets of the institutional investor. Moreover, they should disclose whether they make investment decisions on the basis of judgements about medium-to long-term performance of the investee~~	(13) Asset managers should be required to ***publicly*** disclose how their investment strategy and the implementation thereof is in accordance with the asset management arrangement and how the investment strategy and decisions contribute to medium to long-term performance of the assets of the institutional investor. Moreover, ***asset managers*** should ***publicly*** disclose ***the portfolio turnover,*** whether they make investment decisions on the basis of	

judgements about medium-to long-term performance of the investee company, ***how their portfolio was composed and the portfolio turnover, actual or potential conflicts of interest*** and whether the asset manager uses proxy advisors for the purpose of their engagement activities. This information would allow the institutional investor to better monitor the asset manager, provide incentives for a proper alignment of interests and for shareholder engagement.	~~company, how their portfolio was composed and the portfolio turnover, actual or potential conflicts of interest and whether the asset manager uses proxy advisors for the purpose of their engagement activities. This information would allow the institutional investor to better monitor the asset manager, provide incentives for a proper alignment of interests and for shareholder engagement.~~ **Asset managers should give proper information to the institutional investor which allows the latter to assess whether or not and how the manager acts in the best long-term interests of the investor and whether it pursues a strategy that allows for efficient shareholder engagement. In principle, the relationship between the asset manager and the institutional investor is a matter of a bilateral contractual arrangement. However, although big institutional investors may be able to request detailed reporting from the asset manager, especially if the assets are managed on the basis of a discretionary mandate, for smaller and less sophisticated investors it is crucial to set a minimum set of**	judgements about medium to long-term performance of the investee company, and whether they use proxy advisors for the purpose of their engagement activities. ***Further information should be disclosed by the asset managers directly to the institutional investors, including information on the portfolio composition, on the portfolio turnover costs, on conflicts of interest which have arisen and how they have been dealt with.*** This information would allow institutional investors to better monitor asset managers, and provide incentives for a proper alignment of interests and for shareholder engagement.	

	requirements in law, so that they can properly assess and hold the asset manager to account.		
	Therefore, asset managers should be required to disclose to institutional investors whether or not and if so, how their investments contribute to medium to long-term performance of the assets of the institutional investor or of the fund. This should include reporting on the key material medium to long-term risks associated with the portfolio investments. **This information includes corporate governance matters as well as other medium-to long-term risks, and it is key for the institutional investor to assess whether the manager carries out a medium to long-term analysis of the equity and the portfolio which is a key enabler of efficient shareholder engagement. As these medium to long-term risks will impact the returns of the investors, more effective integration of these matters into investment processes may be crucial for institutional investors.** **(13a) Moreover, asset managers should disclose to institutional investors the portfolio turnover,**		

	portfolio turnover costs and their policy on securities lending. The level of portfolio turnover is a significant indicator of whether fund manager processes are fully aligned with the identified strategy and interests of the institutional investor, and indicates whether the asset manager holds equities for a period of time that enables it to engage in an efficient way.		
	Frequent portfolio turnover may be an indicator of lack of conviction in investment decisions and momentum following behaviour, neither of which may be in the institutional investors' best long-term interests, especially as increases in turnover increase the costs faced by the investor and can influence systemic risks. On the other hand, unexpectedly low turnover may signal inattention to risk management or a drift towards a more passive investment approach. Securities lending can cause controversy in the area of shareholder engagement, under which the investors' shares are in effect sold, subject to a buyback right.		

	Sold shares have to be recalled for engagement purposes, including voting at the general meeting. It is therefore important that the asset manager reports on its policy on securities lending and how it is applied to fulfil its engagement activities, particularly at the time of the general meeting of the investee companies. Member States should be allowed to provide that where the assets of an institutional investor are not managed on an individual basis but pooled together with assets of other investors and managed via a fund, information should also be provided to other investors at least upon request, in order to allow that all the other investors of the same fund may receive this information if they wish so.		
(14) In order to improve the information in the equity investment chain Member States should ensure that proxy advisors adopt and implement adequate measures to ***guarantee*** that their voting recommendations are accurate and reliable, based on a	(14) In order to improve the information in the equity investment chain Member States should ensure that proxy advisors ~~adopt and implement adequate measures to guarantee that their voting recommendations are accurate and reliable, based on a thorough analysis~~	(14) In order to improve the information in the equity investment chain Member States should ensure that proxy advisors adopt and implement adequate measures to ***ensure to the best of their ability*** that their voting recommendations are accurate and reliable, based on a	

thorough analysis of all the information that is available to them and are not affected by any existing or potential conflict of interest or business relationship. They should disclose certain key information related to the preparation of their voting recommendations and any actual or potential conflict of interest or business relationships that may influence the preparation of the voting recommendations.	~~of all the information that is available to them and are not affected by any existing or potential conflict of interest or business relationship. They should~~**that are subject to a code of conduct effectively report about their application of this code. They should also** disclose certain key information related to the preparation of their voting recommendations and any actual or potential conflict of interest or business relationships that may influence the preparation of the voting recommendations. **This information should remain available for a period of at least 3 years in order to allow institutional investors to choose the services of proxy advisors taking into account his performance in the past.** **(14a) In order to ensure that this Directive has an impact on practices of third-country proxy advisors which provide analysis with respect to EU companies, proxy advisors having their registered office or their head office outside the Union which carry out their activities through an establishment located in a Member State should be subject to this Directive, regardless of the**	thorough analysis of all the information that is available to them and are not affected by any existing or potential conflict of interest or business relationship. ***Proxy advisors should adopt and follow a code of conduct. Departures from the code should be declared and explained, together with any alternative solutions which have been adopted. Proxy advisors should report on the application of their code of conduct on a yearly basis.*** They should disclose certain key information related to the preparation of their voting recommendations and any actual or potential conflict of interest or business relationships that may influence the preparation of the voting recommendations.	

	form of this establishment.		
(15) Since remuneration is one of the key instruments for companies to align their interests and those of their directors and in view of the crucial role of directors in companies, it is important that the remuneration policy of companies is determined in an appropriate manner. Without prejudice to the provisions on remuneration of Directive 2013/36/EU of the European Parliament and of the Council ***listed companies and their shareholders should have the possibility to define the remuneration policy of the directors of their company***.	(15) **The form and structure of directors' remuneration are matters primarily falling within the competence of companies, their (supervisory) boards, shareholders and, where applicable, employee representatives. It is therefore important to respect the diversity of corporate governance systems within the Union, which reflect different Member States' views about the roles of corporations and of bodies responsible for the determination of policy on the remuneration of directors, and the remuneration of individual directors.** Since remuneration is one of the key instruments for companies to align their interests and those of their directors and in view of the crucial role of directors in companies, it is important that the remuneration policy of companies is determined in an appropriate manner~~. Without prejudice to the provisions on remuneration of Directive 2013/36/EU of the European Parliament~~ **by competent company bodies** and ~~of the Council listed companies and their~~ **that** shareholders ~~should~~ have the possibility to	(15) Since remuneration is one of the key instruments for companies to align their interests and those of their directors and in view of the crucial role of directors in companies, it is important that the remuneration policy of companies is determined in an appropriate manner ***without*** prejudice to the provisions on remuneration of Directive 2013/36/EU of the European Parliament and of the Council ***and taking into account the differences in board structures applied by companies in the different Member States . Directors' performance should be assessed using both financial and non-financial performance criteria, including environmental, social and governance factors***.	

	~~define~~**express their views regarding** the remuneration policy of the directors of their company.		
		(15a) The remuneration policy for company directors should also contribute to the long-term growth of the company so that it corresponds to a more effective practice of corporate governance and is not linked entirely or largely to short-term investment objectives.	
(16) In order to ensure that shareholders have an effective say on the remuneration policy, they should be granted the right to ***approve*** the remuneration policy, on the basis of a clear, understandable and comprehensive overview of the company's remuneration policy, which should be aligned with the business strategy, objectives, values and long-term interests of the company and should incorporate measures to avoid conflicts of interest. Companies should only pay remuneration to their directors in accordance with a remuneration policy that has been ***approved*** by shareholders. The ***approved*** remuneration policy should be publicly	(16) In order to ensure that shareholders have an effective say on the remuneration policy, they should be granted the right to ~~approve~~**hold a binding or advisory vote on** the remuneration policy, on the basis of a clear, understandable and comprehensive overview of the company's remuneration policy, which should ~~be aligned with~~ **contribute to** the business strategy, ~~objectives, values and~~ long-term interests **and sustainability** of the company ~~and should incorporate measures to avoid conflicts~~ **. The policy can be designed as a frame within which the pay** of ~~interest.~~**directors must be held.** Companies should only pay remuneration to their directors in accordance with ~~a~~**that** remuneration	(16) In order to ensure that shareholders have an effective say on the remuneration policy, they should be granted the right to ***vote on*** the remuneration policy, on the basis of a clear, understandable and comprehensive overview of the company's remuneration policy, which should be aligned with the business strategy, objectives, values and long-term interests of the company and should incorporate measures to avoid conflicts of interest. Companies should only pay remuneration to their directors in accordance with a remuneration policy that has been ***voted*** by shareholders. The ***voted*** remuneration policy should be publicly disclosed without delay.	

disclosed without delay.	policy ~~that has been approved by shareholders.~~ **.** The ~~approved~~ remuneration policy should be publicly disclosed without delay **after the vote by the general meeting**. **(16a) There may be exceptional circumstances, where the company may need to pay a specific director differently than other directors. Therefore Member States may allow companies to foresee in their remuneration policy certain exceptional circumstances in which they are allowed, for the pay of an individual director, not to follow the rules applicable to all other directors.**		
(17) To ensure that the implementation of the remuneration policy is in line with the approved policy, shareholders should be granted the right to vote on the company's remuneration report. In order to ensure accountability of directors the remuneration report should be clear and understandable and should provide a comprehensive overview of the remuneration granted to individual directors in the last financial year. Where the	(17) To ensure that the implementation of the remuneration policy is in line with the ~~approved~~ policy, shareholders should be granted the right to vote on the company's remuneration report. In order to ensure **transparency and** accountability of directors the remuneration report should be clear and understandable and should provide a comprehensive overview of the remuneration granted to individual directors in the last financial year~~.~~. Where the shareholders vote against the remuneration report, the company	(17) To ensure that the implementation of the remuneration policy is in line with the approved policy, shareholders should be granted the right to ***hold an advisory*** vote on the company's remuneration report. In order to ensure accountability of directors the remuneration report should be clear and understandable and should provide a comprehensive overview of the remuneration granted to individual directors in the last financial year. Where the shareholders vote against the	

shareholders vote against the remuneration report, the company should explain in the next remuneration report how the vote of the shareholders has been taken into account.	should explain in the next remuneration report how the vote of the shareholders has been taken into account. **However, for companies other than very large companies in which directors' remuneration may attain higher proportions, Member States may provide, as an alternative to the vote on remuneration report that the remuneration report of the last financial year should be submitted to shareholders only for discussion in the annual general meeting as a separate item of the agenda. If Member State use this possibility, the company shall explain in the next remuneration report how the discussion in the general meeting has been taken into account.**	remuneration report, the company should***, where necessary, enter into dialogue with the shareholders in order to identify the reasons for rejection. The company should*** explain in the next remuneration report how the vote of the shareholders has been taken into account. ***(17a) Increased transparency regarding the activities of large companies, and in particular regarding profits made, taxes on profit paid and subsidies received, is essential for ensuring the trust and facilitating the engagement of shareholders and other Union citizens in companies. Mandatory reporting in this area can therefore be seen as an important element of the corporate responsibility of***	

		companies to shareholders and society.	
(18) In order to provide shareholders easy access to all relevant corporate governance information the remuneration report should be part of the corporate governance statement that listed companies should publish in accordance with article 20 of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013.	(18) In order to provide shareholders easy access to ~~all relevant corporate governance~~**this** information**, and to enable potential investors and stakeholders to be informed of directors' remuneration,** the remuneration report should be **published at the company's website. This should be without prejudice of the possibility for Member States to also require the publication of this report through any other means, for example as** part of the corporate governance statement ~~that listed companies should publish in accordance with article 20 of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013~~**of management report**.	(18) In order to provide ***stakeholders,*** shareholders ***and civil society*** easy access to all relevant corporate governance information the remuneration report should be part of the corporate governance statement that listed companies should publish in accordance with article 20 of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013.	
	(18a) In view of the requirements laid down by EU law regarding the protection of personal data, which apply to the processing of directors' personal data under this Directive, the legislator has struck a balance between, on the one hand, the objectives pursued by this Directive, and, on the other hand, the right to privacy and to the protection of	***(18a) There is a need to differentiate between procedures for establishing the remuneration of directors and systems of wage formation for employees. Consequently, the provisions on remuneration should be without prejudice to the full exercise of fundamental rights guaranteed by Article 153(5) Treaty on the***	

	personal data of directors.	***Functioning of the European Union (TFEU), general principles of national contract and labour law, and the rights, where applicable, of the social partners to conclude and enforce collective agreements, in accordance with national law and customs.***	
	(18b) Directors contribute to the long-term success of the company. The disclosure of the remuneration of individual directors to shareholders and the publication of the remuneration report allow for an increase in transparency and in directors' accountability and facilitate the exercise of shareholders' rights and are necessary to achieve those objectives.	***(18b) The provisions on remuneration should also, where applicable, be without prejudice to provisions on the representation of employees in the administrative, management or supervisory body as provided for by national law.***	
	In particular, the disclosure of such information to shareholders is necessary to enable them to assess directors' remuneration and to express their views on the modalities and level of directors' pay as well as on the link between pay and performance of each individual director, in order to remedy potential situations where an individual director is granted an amount of remuneration that is not		

	justified as regards his individual performance and the performance of the company. As to the publication of the remuneration report, it is necessary in order to enable not only shareholders, but also potential investors and stakeholders to assess directors' remuneration, to what extent this remuneration is linked to the performance of the company and how the company implements in practice its remuneration policy. The disclosure and publication of anonymised remuneration reports would not allow the achievement of those objectives.		
	(18d) In order to increase transparency and accountability of directors and to enable shareholders potential investors and stakeholders to have a full and reliable picture of the remuneration granted to each director, it is of particular importance that every element and total amount of remuneration are disclosed.		
	In particular, in order to prevent the circumvention of the requirements laid down by this Directive by the company, to avoid any conflict of interest and to		

	ensure loyalty of the directors to the company, it is necessary to provide for the disclosure and the publication of the remuneration awarded or due to the individual directors not only from the company itself, but also from any undertaking belonging to the same group. **If remuneration awarded or due to individual directors by undertakings belonging to the same group as the company were excluded from the remuneration report, there would be a risk that companies try to circumvent the requirements laid down by this Directive by providing directors with hidden remuneration via a controlled undertaking.** **In such a case, shareholders would not have a full and reliable picture of the remuneration granted to the directors by the company and the objectives pursued by this Directive would not be achieved.** **Nevertheless, in view of the principle of proportionality, the disclosure and publication of directors' remuneration should be limited to remuneration awarded or due to the directors by the company**		

	itself, or by undertakings belonging to the same group as the company within the meaning of point (11) of Article 2 of Directive 2013/34/EU. **(18f) Moreover, in view of protecting directors' rights to privacy and to protection of personal data, companies should not include in the remuneration report special categories of personal data of individual directors which are protected under Article 8 of Directive 95/46/EC or personal data which refer to the family situation of individual directors. In these cases, the report could disclose the amount of the remuneration granted without disclosing the ground on which it was granted if such disclosure reveals such sensitive data. The disclosure and publication of those sensitive data would go beyond what is strictly necessary in order to increase transparency and accountability of directors and to further facilitate the exercise of shareholders rights.**		
	(18g) In order to enable shareholders, but also potential investors and stakeholders, to assess the trend in directors' remuneration over the years and to		

	have an easy access to this information, it is necessary to provide for a public access to such information during a sufficient period of time. Nevertheless, in order to limit the interference with directors' rights to privacy and to protection of their personal data to what is strictly necessary in order to achieve the objectives pursued by this Directive, public disclosure by companies of directors' personal data included in the remuneration report should be limited to 10 years. In this respect, providing for a 10-year period of public access is consistent with periods laid down by other texts applicable to the public disclosure of corporate governance documents. For example, under Article 4 of Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004, the management report and the corporate governance statements must remain publicly available as part of the annual financial report for at least 10 years. There is a clear interest in stakeholders having those various types of corporate governance reports, including the		

	remuneration report, available at least for 10 years, so as to provide the overall state of a company to shareholders and stakeholders. At the end of this 10 year-period, and during an additional period of 5 years, such data should only be disclosed to shareholders upon request: while the accessibility to such information appears to be less relevant or useful to the public after 10 years, shareholders may need to access such information during a longer period of time in particular for the purpose of potential legal actions.		
	(18h) Personal data of individual directors should be processed under this Directive for the purposes of increase in transparency and accountability of directors and of facilitation of shareholders rights. Nevertheless, further processing of such information for other purposes might be necessary, in particular in order to comply with requirements laid down by EU or national law. Therefore Member States should be allowed to authorise further processing of directors' personal data for other purposes. Further		

	processing could include for example the possibility for companies to disclose information on individual directors' remuneration to national authorities upon request after the expiry of the 10-year period of public access, for other purposes such as tax control. **(18i) The provisions on remuneration should be without prejudice to the full exercise of fundamental rights guaranteed by the Treaties, in particular Article 153(5) TFEU, general principles of national contract and labour law, Union and national law regarding involvement and the general responsibilities of the supervisory, administrative and management bodies of the company concerned, and the rights, where applicable, of the social partners to conclude and enforce collective agreements, in accordance with national law and customs.**		

(19) Transactions with related parties may cause prejudice to companies ***and their shareholders***, as they may give the related party the opportunity to appropriate value belonging to the company. Thus, adequate safeguards for the protection of ***shareholders'*** interests are of importance. For this reason Member States should ensure that related party transactions ***representing more than 5 % of the companies' assets or transactions which can have a significant impact on profits or turnover should be submitted to a vote by the shareholders in a general meeting. Where the related party transaction involves a shareholder, this shareholder should be excluded from that vote. The company should not be allowed to conclude the transaction before the shareholders' approval of the transaction.*** For transactions with related parties ***that represent more than 1% of their assets*** companies should publicly	(19) Transactions with related parties may cause prejudice to companies and their shareholders, as they may give the related party the opportunity to appropriate value belonging to the company. Thus, adequate safeguards for the protection of shareholders' interests are of importance. For this reason Member States should ensure that ~~related party transactions representing more than 5 % of the companies' assets or transactions which can have a significant impact on profits or turnover should be submitted to a vote by the shareholders in a general meeting. Where the related party transaction involves a shareholder, this shareholder should be excluded from that vote. The company should not be allowed to conclude the transaction before the shareholders' approval of the transaction. For transactions with related parties that represent more than 1% of their assets companies should publicly announce such transactions at the time of the conclusion of the transaction, and accompany the announcement by a report from an independent third party~~	(19) Transactions with related parties may cause prejudice to companies, as they may give the related party the opportunity to appropriate value belonging to the company. Thus, adequate safeguards for the protection of ***companies'*** interests are of importance. For this reason Member States should ensure that ***material*** related party transactions ***should be approved by the shareholders or by the administrative or supervisory body of the companies, in accordance with procedures which prevent a related party from taking advantage of its position and provide adequate protection for the interest of the company and of shareholders which are not related parties, including minority shareholders***. For ***material*** transactions with related parties companies should publicly announce such transactions ***at the latest*** at the time of the conclusion of the transaction and accompany the announcement by a report assessing whether the transaction is on market terms and confirming that the transaction is fair	

announce such transactions at the time of the conclusion of the transaction, and accompany the announcement by a report ***from an independent third party*** assessing whether the transaction is on market terms and confirming that the transaction is fair and reasonable from the perspective of the ***shareholders***, including minority shareholders. Member States should be allowed to exclude transactions entered into between the company ***and its wholly owned subsidiaries. Member States should also be able to allow companies to request the advance approval by shareholders for certain clearly defined types of recurrent transactions above 5 percent of the assets, and to request from shareholders an advance exemption from the obligation to produce an independent third party report for recurrent transactions above 1 percent of the assets, under certain conditions, in order to facilitate the conclusion of such transactions by companies.***	~~assessing whether the transaction is on market terms and confirming that the transaction is fair and reasonable from the perspective of the shareholders, including minority shareholders. Member States should be allowed to exclude transactions entered into between the company and its wholly owned subsidiaries. Member States should also be able to allow companies to request the advance approval by shareholders for certain clearly defined types of recurrent transactions above 5 percent of the assets, and to request from shareholders an advance exemption from the obligation to produce an independent third party report for recurrent transactions above 1 percent of the assets, under certain conditions, in order to facilitate the conclusion of such transactions by companies.~~ **material related party transactions should be submitted to approval by the shareholders or by the administrative or supervisory body according to procedures that prevent the related party from taking advantage of its position and provide adequate protection for the interests of shareholders who are not related party, including**	and reasonable from the perspective of the ***company***, including minority shareholders. Member States should be allowed to exclude transactions entered into between the company and ***joint ventures and one or more members of its group, provided that those members of the group or joint ventures are wholly owned by the company or that no other related party of the company has an interest in the members or in the joint ventures, and transactions entered into in the ordinary course of business and concluded on normal market terms***.	

	minority shareholders.		
	Where the related party transaction involves a director or a shareholder, this director or shareholder should be excluded from the vote. However, Member States should have the possibility to allow the shareholder who is a related party to take part in the vote provided that national law foresees appropriate safeguards in relation to the voting process to protect the interests of shareholders who are not related party, including minority shareholders, such as for example a higher majority threshold for the approval of transactions.		
	Companies should publicly announce material transactions at the latest at the time of the conclusion of the transaction, identifying the related party, the date and the value of the transaction and any other information that is necessary to assess the fairness of the transaction. Public disclosure of such transaction, for example on company's website or by easily available means, is needed in order to allow shareholders, creditors,		

	employees and other interested parties to be informed of potential impacts that such transactions may have on the value of the company. Precise identification of the related party is necessary to better assess the risks implied by the transaction and to challenge this transaction including through legal action. Transactions entered into in the ordinary course of business and concluded on normal market terms should be excluded from the application of these requirements provided however that the administrative or supervisory body establish an internal procedure to periodically assess whether the conditions for the exclusion have been met. However, Member States should not be prevented from applying certain or all of the requirements to such transactions.		
	The interests of the shareholders who are not related party, including minority shareholders should also be protected in case of material transactions concluded between the related party of the company and that company's subsidiaries, in order to avoid abuse. Such transactions should at least be		

	publicly announced. The choice of safeguards that need to be put in place should be left to Member States.		
(20) In view of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995it is necessary to strike a balance between the facilitation of the exercise of shareholders' rights and the right to privacy and the protection of personal data. The identification information on shareholders should be limited to the name and contact details of the corresponding shareholders. This information should be accurate and kept up-to-date, and intermediaries as well as companies should allow for rectification or erasure of all incorrect or incomplete data. This identification information on shareholders should not be used for any other purpose than the facilitation of the exercise of shareholder rights.	~~(20) In view of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995it is necessary to strike a balance between the facilitation of the exercise of shareholders' rights and the right to privacy and the protection of personal data. The identification information on shareholders should be limited to the name and contact details of the corresponding shareholders. This information should be accurate and kept up-to-date, and intermediaries as well as companies should allow for rectification or erasure of all incorrect or incomplete data. This identification information on shareholders should not be used for any other purpose than the facilitation of the exercise of shareholder rights.~~	(20) In view of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995it is necessary to strike a balance between the facilitation of the exercise of shareholders' rights and the right to privacy and the protection of personal data. The identification information on shareholders should be limited to the name and contact details of***, including full address, telephone number and, if relevant, e-mail address and the numbers of shares owned and voting rights held by*** the corresponding shareholders. This information should be accurate and kept up-to-date, and intermediaries as well as companies should allow for rectification or erasure of all incorrect or incomplete data. This identification information on shareholders should not be used for any other purpose than the facilitation of the exercise of shareholder rights***, of shareholder engagement and of the dialogue between the company and the***	

		shareholder.	
	(20a) This Directive does not require companies, institutional investors, asset managers and proxy advisors to disclose information to the public if such disclosure could seriously damage their business operations.		
(21) In order to ensure uniform ***conditions for the implementation of the provisions*** on ***shareholder*** identification, transmission of information, facilitation of the exercise of shareholder rights and the remuneration report, ***implementing powers should be conferred on*** the Commission. ***Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of*** the European Parliament and of the Council	(21) In order to ensure uniform conditions for the implementation of the provisions on shareholder identification, transmission of information~~,~~ **and** facilitation of the exercise of shareholder rights ~~and the remuneration report~~, implementing powers should be conferred on the Commission. ~~Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of~~**In particular, the Commission implementing acts shall specify** the ~~European Parliament~~**minimum standardisation requirements as regards formats to be used** and ~~of the Council~~**deadlines to be complied with.**	(21) In order to ensure uniform ***application of the Articles on*** identification ***of shareholders, on*** transmission of information, ***on*** facilitation of the exercise of shareholder's rights and on ***the*** remuneration ***reports, the power to adopt delegated acts in accordance with Article 290 of the TFEU should be delegated to*** the Commission ***in respect of defining the specific requirements regarding the transmission of information on the identity of shareholders, the transmission of information between the company and the shareholders and the facilitation by the intermediary of the exercise of rights by shareholders, and the standardised presentation of the remuneration report. It is of particular importance that the Commission carry out appropriate consultations during its preparatory***	

		work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and of the Council.	
	Empowering the Commission to adopt implementing acts allows to keep this rule up to date with market and supervisory developments.		
	In addition, diverging implementation by Member States of these provisions could result in adoption of incompatible national standards which could increase risks and costs of cross-border operations and thus jeopardise their effectiveness and efficiency. Diverging requirements in Member States are also likely to result in additional burden for intermediaries. The implementing powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council (21a) In exercising its implementing powers in accordance with this Directive, the Commission should:		

	- take into account the relevant market developments and in particular existing self-regulatory initiatives such as, for example, Market Standards for Corporate Actions Processing and Market Standards for General Meetings;		
	- encourage the use of modern technologies in the communication between companies, shareholders and intermediaries and where appropriate other market participants.		
	(21b) In order to ensure a more comparable and consistent presentation of the remuneration report, the Commission should adopt non-binding guidelines to specify its standardised presentation. The existing Member State practices as regards the presentation of the information included in the remuneration report are very different and, as a result, they provide an uneven level of transparency and protection for shareholders and investors.		
	The result of the divergence of practices is that shareholders and investors are, in particular in case		

	of cross-border investments, subject to difficulties and costs when they want to understand and monitor the implementation of the remuneration policy and engage with the company on that specific issue. The Commission should carry out appropriate consultation with Member States before adopting its guidelines.		
(22) In order to ensure that the requirements set out in this Directive or the measures implementing this Directive are applied in practice, any infringement of those requirements should be subject to penalties. To that end, penalties should be sufficiently dissuasive and proportionate.	(22) In order to ensure that the requirements set out in this Directive or the measures implementing this Directive are applied in practice, any infringement of those requirements should be subject to penalties. To that end, penalties should be sufficiently dissuasive and proportionate.	(22) In order to ensure that the requirements set out in this Directive or the measures implementing this Directive are applied in practice, any infringement of those requirements should be subject to penalties. To that end, penalties should be sufficiently dissuasive and proportionate.	
(23) Since the objectives of this Directive cannot be sufficiently achieved by the Member States in view of the international nature of the Union equity market and action by Member States alone is likely to result in different sets of rules, which may undermine or create new obstacles to the functioning of the internal market, the objectives can rather, by reason of their scale and	(23) Since the objectives of this Directive cannot be sufficiently achieved by the Member States in view of the international nature of the Union equity market and action by Member States alone is likely to result in different sets of rules, which may undermine or create new obstacles to the functioning of the internal market, the objectives can rather, by reason of their scale and effects, be better achieved at Union level, the Union	(23) Since the objectives of this Directive cannot be sufficiently achieved by the Member States in view of the international nature of the Union equity market and action by Member States alone is likely to result in different sets of rules, which may undermine or create new obstacles to the functioning of the internal market, the objectives can rather, by reason of their scale and effects, be better achieved at Union	

effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.'	may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.'	level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.	
	(23a) Any processing of personal data under this Directive should comply with the requirements laid down in the EU law regarding the protection of personal data, in particular with Articles 7, 8 and 52 of the Charter of Fundamental Rights of the EU and Directive 95/46/EC, as interpreted by the Court of Justice, and with national laws implementing those requirements. In particular, data processed under this Directive should be kept accurate and up to date, data-subject should have a right of erasure or rectification of incomplete or inaccurate data and data should be protected against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access,		

	in accordance with the requirements laid down by Directive 95/46/EC and national laws implementing that Directive. Moreover, any transmission of information regarding shareholder identity to third-country intermediaries should comply with the requirements laid down in articles 25 and 26 of the Directive 95/46/EC and in national laws implementing those provisions.		
	(23ab) In case Member States decide to authorise or provide for the further processing of shareholders' and or directors' personal data processed in accordance with this Directive for other purposes than the initial purposes for which those data have been initially collected, retained and disclosed under this Directive, Member States should ensure that those data are not further processed in a way incompatible with those initial purposes. **When such further processing is not compatible with those initial purposes, further processing should be based on the unambiguous consent of the shareholder or the director, or on another legitimate**		

	ground for lawful processing. In any case, the requirements laid down by EU law regarding the protection of personal data should be complied with. **(23ac) Shareholders and directors should be duly informed that the information regarding their identity or their remuneration may be processed in accordance with this Directive or may be further processed for other purposes. In case of further processing, shareholders and directors should be informed on the other purposes.** **(23b) The provisions of this Directive should be without prejudice to the provisions laid down in sectorial EU legislation regulating specific types of listed companies or specific types of entities, such as but not limited to credit institutions, investments firms, asset managers, insurance companies and pension funds. The provisions of sectorial EU legislation should be considered as *lex specialis* in relation to this Directive and should prevail over this Directive to the extent that the requirements provided by this Directive contradict the**		

	requirements laid down in sectorial EU legislation. However, specific provisions of EU sectorial legislation should not be interpreted in a way that undermines the effective application of this Directive and the achievement of the general aim of this Directive. The mere existence of specific EU rules in a given sector should not exclude the application of this Directive.		
	Where this Directive provides for more specific rules or adds requirements compared to the provisions laid down by sectorial EU legislation, the provisions laid down by sectorial EU legislation should be applied in conjunction with the provisions of this Directive. **(23c) This Directive should not prevent Member States from adopting or maintaining in force more stringent provisions in the field covered by this Directive to further facilitate the exercise of shareholder rights to encourage shareholder engagement and to protect the interests of minority shareholders. Such provisions should however not hamper the effective application of this**		

	Directive and the achievement of its objectives, and should in any event comply with the rules laid down in the treaties.		
(24) In accordance with the Joint Political Declaration of Member States and the Commission of 28 September 2011 on explanatory documents, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified, HAVE ADOPTED THIS DIRECTIVE:	(24) In accordance with the Joint Political Declaration of Member States and the Commission of 28 September 2011 on explanatory documents, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified~~,~~**.** HAVE ADOPTED THIS DIRECTIVE:	(24) In accordance with the Joint Political Declaration of Member States and the Commission of 28 September 2011 on explanatory documents`, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified, HAVE ADOPTED THIS DIRECTIVE:	

Article 1 ***Amendments to Directive 2007/36/EC***	*Article 1* ***Amendments to Directive 2007/36/EC***		
Directive 2007/36/EC is amended as follows: (1) Article 1 is amended as follows:	Directive 2007/36/EC is amended as follows: (1) Article 1 is amended as follows:	Directive 2007/36/EC is amended as follows: (1) Article 1 is amended as follows:	
(a) In Paragraph 1, the following sentence is added: "It also establishes requirements ***for intermediaries used by shareholders to ensure that shareholders can be identified,*** creates transparency on the engagement policies of ***certain types of*** investors and ***creates additional rights for shareholders to oversee companies***."	(a) In Paragraph 1, the following sentence is added: "It also establishes **specific** requirements ~~for intermediaries used by~~**regarding identification of** shareholders ~~to ensure that~~**, transmission of information and facilitation of exercise of** shareholders ~~can be identified, creates~~**rights, specific** transparency ~~on the engagement policies of certain types of~~ **requirements for institutional** investors ~~and creates additional rights for shareholders to oversee companies~~**, asset managers and proxy advisors and requirements as regards remuneration of directors and related party transactions**."	(a) In Paragraph 1, the following sentence is added: "It also establishes ***specific*** requirements ***in order to facilitate shareholders' engagement in the long term, including the identification of shareholders, the transmission of information and the facilitation of the exercise of shareholder rights***. ***It additionally*** creates transparency on the engagement policies of ***institutional*** investors ***and asset managers and on the activities of proxy advisors*** and ***lays down certain requirements with regard to directors' remuneration and related party transactions***."	

	(aa) In Paragraph 2, the following subparagraph is added:		
	"For the purpose of application Chapter 1B the competent Member State shall be defined as follows: **(i) for institutional investors and asset managers, the home Member State as defined in applicable sectorial legislation;** **(ii) for proxy advisors, the Member State in which the proxy advisor has a registered office or a head office, or where the proxy advisor has no registered office or head office in a Member State, the Member State in which the proxy advisor has an establishment."**		
	(ab) In Paragraph 3, the following point is inserted: **"(ba) collective investment undertakings within the meaning of Article 4(1)(a) of**		
	Directive 2011/61/EU of the European Parliament and of the Council; **(ac) In Paragraph 3, the following subparagraph is added:** **"Undertakings referred to in point a), b) and ba) may not be exempted**	***(aa) The following paragraph is added after paragraph 3:*** ***"3a. The undertakings referred to in paragraph 3 shall in no case be***	

	from the requirements provided for in Chapter Ib."	***exempted from the provisions laid down in Chapter IB."***	
(b) The following paragraph 4 is added:	(b) The following paragraph ~~4~~**5** is added:	(b) The following paragraph is added ***after paragraph 3a***:	
"***4.*** Chapter Ib shall apply to institutional investors and to asset managers to the extent that they invest, directly or through a collective investment undertaking, on behalf of institutional investors, in so far they invest in shares."	"~~4~~**5**. Chapter Ib shall apply to institutional investors **to the extent that they invest in shares traded on a regulated market directly or through an asset manager,** and to asset managers to the extent ~~that~~ they invest~~, directly or through a collective investment undertaking,~~ **in such shares** on behalf of ~~institutional~~ investors~~, in so far they invest in shares~~."	"***3b.*** Chapter Ib shall apply to institutional investors and to asset managers to the extent that they invest, directly or through a collective investment undertaking, on behalf of institutional investors, in so far they invest in shares. ***It shall also apply to proxy advisors.***	
	(c) The following paragraph 6 is added:	***(ba) The following paragraph is added after paragraph 3b:***	
	"6. The provisions of this Directive are without prejudice to the provisions laid down in sectorial EU legislation regulating specific types of listed companies or specific types of entities. Where this Directive provides for more specific rules or adds requirements compared to the provisions laid down by sectorial EU legislation, those provisions shall be applied in conjunction with the provisions of this Directive."	***"3c. The provisions of this Directive are without prejudice to the provisions laid down in sectorial EU legislation regulating specific types of listed companies or entities. The provisions of sectorial EU legislation shall prevail over this Directive to the extent that the requirements provided by this Directive contradict the requirements laid down in sectorial EU legislation. Where this Directive***	

		provides for more specific rules or adds requirements compared to the provisions laid down by sectorial EU legislation, those provisions shall be applied in conjunction with the provisions of this Directive".	
(2) In Article 2 the following points (d) -(j) are added:	(2) In Article 2 the following points (d) -(~~j~~**l**) are added:	(2) In Article 2, the following points (d) ***to (jc)*** are added:	
"(d) 'intermediary' means a legal person that has its registered office, central administration or principal place of business in the European Union and maintains securities accounts for clients;	~~"(d) 'intermediary' means a legal person that has its registered office, central administration or principal place of business in the European Union and maintains securities accounts for clients;~~**"(d) 'intermediary' means a person that provides services of safekeeping, or administration of shares or maintenance of securities accounts on behalf of shareholders or other intermediaries, including investment firm as defined in point (1) of Article 4 (1) of Directive 2014/65/EU of the European Parliament and of the Council, credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council and central securities depository as defined in point (1) of Article 2 (1)**	"(d) 'intermediary' means a legal person that has its registered office, central administration or principal place of business in the European Union and maintains securities accounts for clients;	

	of Regulation (EU) No 909/2014 of the European Parliament and of the Council, in so far they provide services with respect to shares of companies which have their registered office in a Member State and whose shares are admitted to trading on a regulated market situated or operating within a Member State;	***(da) 'large company' means a company which meets the criteria laid down in Article 3(4) of Directive 2013/34/EU;*** ***(db) 'large group' means a group which meets the criteria laid down in Article 3(7) of Directive 2013/34/EU;***	
(e) third country intermediary' means a legal person that has its registered office, central administration or principal place of business outside the Union and maintains securities accounts for clients;	~~(e) third country intermediary' means a legal person that has its registered office, central administration or principal place of business outside the Union and maintains securities accounts for clients;~~	(e) 'third country intermediary' means a legal person that has its registered office, central administration or principal place of business outside the Union and maintains securities accounts for clients;	

(f) 'institutional investor' means an undertaking carrying out activities of life assurance within the meaning of ***Article 2(1)(a) and not excluded pursuant to article 3 of Directive 2002/83/EC*** of the European Parliament and of the Council and an institution for occupational retirement provision falling within the scope of Directive 2003/41/EC of the European Parliament and of the Council in accordance with Article 2 thereof, unless a Member States has chosen not to apply that Directive in whole or in parts to that institution in accordance with Article 5 of that Directive*;*	~~(f) 'institutional investor' means an undertaking carrying out activities of life assurance within the meaning of Article 2(1)(a) and not excluded pursuant to article 3 of Directive 2002/83/EC of the European Parliament and of the Council and an institution for occupational retirement provision falling within the scope of Directive 2003/41/EC of the European Parliament and of the Council in accordance with Article 2 thereof, unless a Member States has chosen not to apply that Directive in whole or in parts to that institution in accordance with Article 5 of that Directive;~~**(f) 'institutional investor' means:**	(f) 'institutional investor' means an undertaking carrying out activities of life assurance within the meaning of Article ***2(3)(a), (b) and (c), and activities of reinsurance covering life insurance obligations*** and not excluded pursuant to ***Articles*** 3***, 4, 9, 10, 11 or 12*** of Directive ***2009/138/EC*** of the European Parliament and of the Council and an institution for occupational retirement provision falling within the scope of Directive 2003/41/EC of the European Parliament and of the Council in accordance with Article 2 thereof, unless a Member States has chosen not to apply that Directive in whole or in parts to that institution in accordance with Article 5 of that Directive;	
	(i) an undertaking carrying out activities of life assurance within the meaning of Article 2(3)(a), (b) and (c) of Directive 2009/138/EC of the European Parliament and of the Council and of reinsurance within the meaning of Article 13 point (7) of that Directive as long as they cover life-insurance obligations and which are not excluded pursuant to		

	that Directive;		
	(ii) an institution for occupational retirement provision falling within the scope of Directive 2003/41/EC of the European Parliament and of the Council in accordance with Article 2 thereof, unless a Member States has chosen not to apply that Directive in whole or in parts to that institution in accordance with Article 5 of that Directive;		
(g) 'asset manager' means an investment firm as defined in point (1) of Article 4(1) of Directive ***2004/39/EC*** of the European Parliament and of the Council providing portfolio management services to institutional investors, an AIFM (alternative investment fund manager) as defined in Article 4(1)(b) of Directive 2011/61/EU of the European Parliament and of the Council that does not fulfil the conditions for an exemption in accordance with Article 3 of that Directive or a management company as defined in Article	(g) 'asset manager' means an investment firm as defined in point (1) of Article 4(1) of Directive ~~2004/39/EC~~**2014/65/EU** of the European Parliament and of the Council providing portfolio management services to ~~institutional~~ investors, an AIFM (alternative investment fund manager) as defined in Article 4(1)(b) of Directive 2011/61/EU of the European Parliament and of the Council that does not fulfil the conditions for an exemption in accordance with Article 3 of that Directive or a management company as defined in Article 2(1)(b) of Directive 2009/65/EC of the	(g) 'asset manager' means an investment firm as defined in point (1) of Article 4(1) of Directive ***2014/65/EU*** of the European Parliament and of the Council providing portfolio management services to institutional investors, an AIFM (alternative investment fund manager) as defined in Article 4(1)(b) of Directive 2011/61/EU of the European Parliament and of the Council that does not fulfil the conditions for an exemption in accordance with Article 3 of that Directive or a management company as defined in Article 2(1)(b) of Directive 2009/65/EC of the	

2(1)(b) of Directive 2009/65/EC of the European Parliament and of the Council; or an investment company authorised in accordance with Directive 2009/65/EC, provided that it has not designated a management company authorised under that Directive for its management;	European Parliament and of the Council; or an investment company authorised in accordance with Directive 2009/65/EC, provided that it has not designated a management company authorised under that Directive for its management;	European Parliament and of the Council[1]; or an investment company authorised in accordance with Directive 2009/65/EC, provided that it has not designated a management company authorised under that Directive for its management;	
(h) 'shareholder engagement' means the monitoring by a shareholder alone or together with other shareholders, of companies on matters ***such as*** strategy, performance, risk, capital structure and corporate governance, having a dialogue with companies on these matters and voting ***at the general meeting.***	(h) 'shareholder engagement' means the monitoring by a shareholder alone or together with other shareholders, of companies on matters such as strategy, **financial and non-financial** performance, risk, capital structure and corporate governance, having a dialogue with companies on these matters and ~~voting at the general meeting.~~**exercising voting rights and other rights attached to shares;**	(h) 'shareholder engagement' means the monitoring by a shareholder alone or together with other shareholders, of companies on ***relevant*** matters ***including*** strategy, ***financial and non-financial*** performance, risk, capital structure, ***human resources, social and environmental impact*** and corporate governance, having a dialogue with companies ***and their stakeholders*** on these matters and ***exercising*** voting ***rights and other rights attached to shares***;	
(i) 'proxy advisor' means a legal person that provides, on a professional basis, recommendations to shareholders on the exercise of their voting	(i) 'proxy advisor' means a legal person that ~~provides~~**analyses**, on a professional **and commercial** basis, **the corporate disclosures of listed companies with a view to informing**	(i) 'proxy advisor' means a legal person that provides, on a professional basis, recommendations to shareholders on the exercise of their voting rights;	

[1] Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).

rights; (l) 'Director' means any member of the administrative, management or supervisory bodies of a company;	**investors' voting decisions by providing research, advice or voting** recommendations ~~to shareholders on~~**that relate specifically to** the exercise of ~~their~~ voting rights; ~~(l) 'Director' means any member of the administrative, management or supervisory bodies of a company;~~	(l) 'Director' means – any member of the administrative, management or supervisory bodies of a company; – ***chief executive officer and deputy chief executive officers, where they are not members of administrative, management or supervisory bodies***;	
(j) 'related party' has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.	(j) 'related party' has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council~~.~~**;**	(j) 'related party' has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council[2];	
	(k) 'Director' means:		

[2] Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p.1).

	(i) a member of the administrative, management or supervisory bodies of a company;		
	(ii) where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;		
	Member States may also include in the definition of director other persons who perform functions similar to those of the members of the administrative, management or supervisory bodies of a company;	***(ja) 'assets' means the total asset value presented on the company's consolidated balance sheet prepared in accordance with international financial reporting standards;***	
		(jb) 'stakeholder' means any individual, group, organisation or local community that is affected by or otherwise has an interest in the operation and performance of a company;	

	(l) 'information regarding shareholder identity' means any information allowing to establish the identity of a shareholder including at least the following information: **(i) name and contact details of the shareholders;**	***(jc) 'information regarding shareholder identity' means any information allowing to establish the identity of a shareholder including at least:*** ***– the names of shareholders and their contact details (including full address, telephone number and e-mail address), and, where they are legal persons, their unique identifier or, in case the latter is not available, other identification data;***	
	(ii) the number of shares and where available the number of voting rights they hold;	***– the number of shares owned and voting rights associated with those shares."***	
	(iii) for legal persons, the registration number or where available their unique identifier, such as Legal Entity Identifier ".	***(2a) In Article 2, the following paragraph is added:***	

		"Member States may include in the definition of Director referred to in point (l) of the first paragraph, for the purposes of this Directive, other individuals that cover similar positions."	
		(2b) After Article 2, the following article is inserted: ***"Article 2a*** ***Data protection***	
		Member States shall ensure that any processing of personal data under this Directive is done in accordance with national laws transposing Directive 95/46/EC."	
(3) After Article 3, the following Chapters Ia and 1b are inserted	(3) After Article 3, the following Chapters Ia and 1b are inserted	(3) After Article 3, the following Chapters Ia and Ib are inserted	

Chapter Ia **Identification of shareholders, Transmission of information and facilitation of exercise of shareholder rights**	**“Chapter Ia** **Identification of shareholders, Transmission of information and facilitation of exercise of shareholder rights**	“CHAPTER IA IDENTIFICATION OF SHAREHOLDERS, TRANSMISSION OF INFORMATION AND FACILITATION OF EXERCISE OF SHAREHOLDER RIGHTS	
Article 3a ***Identification of shareholders*** 1. Member States shall ensure that ***intermediaries offer to*** companies ***the possibility to have*** their shareholders ***identified***.	*Article 3a* ***Identification of shareholders*** 1. Member States shall ensure that ~~intermediaries offer to~~ companies ~~the possibility to~~ have **the right to identify** their shareholders~~identified~~.	Article 3a Identification of shareholders 1. Member States shall ensure that companies have ***the right to identify*** their shareholders***, taking account of existing national systems***.	
	Member States may provide that companies having registered office on their territory can only request identification with respect to shareholders holding more than 0.5% of shares or voting rights.		
2. Member States shall ensure that, on the request of the company, the intermediary communicates without undue delay to the company ***the name and contact details of the shareholders and, where the shareholders are legal persons, their unique identifier where***	2. Member States shall ensure that, on the request of the company~~, the intermediary communicates~~ **or of a third party designated by the company, the intermediaries communicate** without ~~undue~~ delay to the company the ~~name and contact details of the shareholders and, where the shareholders are legal persons,~~	2. Member States shall ensure that, on the request of the company, the intermediary communicates without undue delay to the company ***the information regarding shareholder identity.*** Where there is more than one intermediary in a holding chain, the request of the company shall be transmitted between intermediaries	

available. Where there is more than one intermediary in a holding chain, the request of the company and the identity and contact details of the shareholders shall be transmitted between intermediaries without undue delay.	~~their unique identifier where available. Where there is more than one intermediary in a holding chain, the request of the company and the~~**information regarding shareholder** identity~~ and contact details of the shareholders shall be transmitted between intermediaries without undue delay.~~ **:** **Where there is more than one intermediary in a holding chain, Member States shall ensure that the company is able to obtain information regarding shareholder identity from any intermediary in the chain at least through one of the following ways:**	without undue delay. ***The intermediary having the information regarding shareholder identity shall transmit it directly to the company.*** ***Member States may provide that central security depositories (CSDs) are the intermediaries to be responsible for collecting the information regarding shareholder identity and for providing it directly to the company***.	
	(a) the request of the company, or of a third party designated by the company, is transmitted between intermediaries without delay. The information regarding shareholder identity is transmitted to the company or to a third party designated by the company without delay by the intermediary who holds the requested information. Member States may also provide that the central securities depository or other service provider is in charge of collecting the information regarding shareholder		

	identity, including from the intermediaries in the holding chain;		
	(b) at the request of the company, or of a third party designated by the company, the intermediary communicates to the company without delay the details of the next intermediary in the holding chain.		
3. Shareholders shall be duly informed by their intermediary that ***their name and contact details*** may be ***transmitted for the purpose of identification*** in accordance with this article. This information may only be used for the purpose of facilitation of the exercise of the rights of the shareholder. The company and the intermediary shall ensure that natural persons are able to rectify or erase any incomplete or inaccurate data ***and shall not conserve*** the information ***relating to the shareholder*** for longer than 24 months after ***receiving it.***	3. ~~Shareholders shall be duly informed by their intermediary that their name and contact details may be transmitted for the purpose of identification in accordance with this article. This information may only be used for the purpose of facilitation of the exercise of the rights of the shareholder. The company and the intermediary shall ensure that natural persons are able to rectify or erase any incomplete or inaccurate data and shall not conserve the information relating to the shareholder for longer than 24 months after receiving it.~~ **Without prejudice to paragraph 3a of this Article and to any longer storage period laid down by EU sectorial legislation, Member States shall ensure that the companies and the intermediaries do not store the information regarding shareholder identity transmitted to them in accordance with this Article for**	3. Shareholders shall be duly informed by their intermediary that ***information regarding*** their ***identity*** may be ***processed*** in accordance with this article ***and, where applicable, that the information has actually been forwarded to the company***. This information may only be used for the purpose of facilitation of the exercise of the rights of the shareholder***, of engagement and dialogue between the company and the shareholder on company-related matters. Companies shall in any case be allowed to give third parties an overview of the shareholding structure of the company by disclosing the different shareholder categories.*** The company and the intermediary shall ensure that natural ***and legal*** persons are able to rectify or erase any incomplete or inaccurate data. ***Member States***	

	longer than necessary and, in any event, for longer than two years after the company or the intermediary has learnt that the person concerned has ceased to be a shareholder.	***shall ensure that the companies and the intermediaries do not store*** the information ***regarding shareholder identity transmitted to them in accordance with this Article for longer than necessary and, in any event,*** for longer than 24 months after ***the company or the intermediaries have learnt that the person concerned has ceased to be a shareholder***.	
	3a. Information regarding shareholder identity shall be processed under this Article for the purpose of enabling the company to identify its shareholders in order to directly communicate with them with the view to further facilitating the exercise of shareholders rights and of the engagement with the company. Member States may allow further processing of such information regarding shareholder identity for other purposes than this initial purpose provided that this information is not further processed in a way incompatible with this initial purpose or that the further processing has a legal basis at least in one of the grounds referred to in Article 7 of Directive 95/46/EC.		

	Member States shall ensure that the requirements laid down by EU law regarding the protection of personal data are complied with. **3b. Member States shall ensure that shareholders are duly informed by their intermediary that the information regarding their identity may be processed in accordance with this Article. If Member States allow further processing for other purposes than the initial purpose, in accordance with paragraph 3a of this Article, they shall ensure that shareholders are duly informed on those other purposes.**		
4. Member States shall ensure that an intermediary that reports ***the name and contact details of a shareholder*** is not considered in breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision.	4. Member States shall ensure that an intermediary that reports ~~the name and contact details of a~~**information regarding** shareholder **identity in accordance with the rules laid down in this Article** is not considered in breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision.	4. Member States shall ensure that an intermediary that reports ***to the company the information regarding shareholder identity in accordance with paragraph 2*** is not considered in breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision.	

	4a. Member States shall communicate to ESMA whether or not they have provided that identification can only be requested with respect to shareholders holding more than 0,5% of the shares or voting rights in accordance with paragraph 1 of this Article by [the date of transposition]. ESMA shall publish this information on its website.		
5. The Commission shall be empowered to adopt ***implementing*** acts to specify the requirements to transmit the information laid down in paragraphs 2 and 3 ***including*** as regards the information to be transmitted, the format of the request and the transmission and the deadlines to be complied with***. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a (2).***	5. **To ensure uniform application of this Article** the Commission shall be empowered to adopt implementing acts to specify the **minimum** requirements to transmit the information laid down in paragraphs 2 ~~and 3 including~~ as regards the **format of** information to be transmitted, the format of the request ~~and the transmission~~ and the deadlines to be complied with. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a (2).	5. ***To ensure uniform application of this Article,*** the Commission shall be empowered to adopt ***delegated*** acts ***in accordance with Article 14a*** to specify the ***minimum*** requirements to transmit the information laid down in paragraphs 2 and 3 as regards the format of the information to be transmitted, the format of the request***, including the secure formats to be used,*** and the deadlines to be complied with.	

Article 3b ***Transmission of information***	*Article 3b* ***Transmission of information***	Article 3b Transmission of information	
1. Member States shall ensure that if a company ***chooses*** not ***to*** directly communicate with its shareholders, the information related to their shares shall be transmitted to them or, in accordance with the instructions given by the shareholder, to a third party, by the intermediary without undue delay in all of the following cases:	1. Member States shall ensure that if a company ~~chooses~~**is** not **able** to ~~directly~~ communicate **directly** with its shareholders, the ~~information related~~**intermediaries transmit without delay from the company** to ~~their shares shall be transmitted to them~~**the shareholders** or, in accordance with the instructions given by the ~~shareholders~~**shareholders**, to a third party, ~~by the intermediary without undue delay in all of the following cases~~**the information which**:	1. Member States shall ensure that if a company ***does*** not directly communicate with its shareholders, the information related to their shares shall be ***made available via the company's website and*** transmitted to them or, in accordance with the instructions given by the shareholder, to a third party, by the intermediary without undue delay in all of the following cases:	
(a) the information is necessary to exercise a right of the shareholder flowing from its shares;	(a) the ~~information~~**company** is ~~necessary~~**required** to ~~exercise a right of~~**provide to** the shareholder ~~flowing from its shares~~**, and**; **(aa) is necessary to exercise rights of the shareholder flowing from its shares, and;**	(a) the information is necessary to exercise a right of the shareholder flowing from its shares;	
(b) the information is directed to all shareholders in shares of that class.	(b) ~~the information~~ is directed to all shareholders in shares of that class.	(b) the information is directed to all shareholders in shares of that class.	

2. Member States shall require companies to provide and deliver the information to the intermediary related to the exercise of rights flowing from shares in accordance with paragraph 1 in a standardised and timely manner.	2. Member States shall require companies to provide and deliver **to intermediaries** the information ~~to the intermediary related~~**referred** to ~~the exercise of rights flowing from shares in accordance with~~**in** paragraph 1 in a standardised and timely manner.	2. Member States shall require companies to provide and deliver the information to the intermediary related to the exercise of rights flowing from shares in accordance with paragraph 1 in a standardised and timely manner.	
3. Member States shall oblige the intermediary to transmit to the company, in accordance with the instructions received from the shareholders, without undue delay the information received from the shareholders related to the exercise of the rights flowing from their shares.	3. Member States shall oblige ~~the intermediary~~**intermediaries** to transmit **without delay** to the company, in accordance with the instructions received from the shareholders, ~~without undue delay~~ the information received from the shareholders ~~related~~**which is necessary** to ~~the~~ exercise ~~of the~~ rights flowing from their shares.	3. Member States shall oblige the intermediary to transmit to the company, in accordance with the instructions received from the shareholders, without undue delay the information received from the shareholders related to the exercise of the rights flowing from their shares.	
4. Where there is more than one intermediary in a holding chain, information referred to in paragraphs 1 and 3 shall be transmitted between intermediaries without undue delay.	4. Where there is more than one intermediary in a holding chain, information referred to in paragraphs 1 and 3 shall be transmitted between intermediaries without ~~undue delay.~~**delay, unless the information can be directly transmitted by the intermediary to the company or to the shareholder or, in accordance with the instructions given by the shareholder, to a third party.**	4. Where there is more than one intermediary in a holding chain, information referred to in paragraphs 1 and 3 shall be transmitted between intermediaries without undue delay.	
5. The Commission shall be	5. **To ensure uniform application of**	5. ***To ensure uniform application of***	

empowered to adopt ***implementing*** acts to specify the requirements to transmit information laid down in paragraphs 1 to 4 ***including*** as regards the content to be transmitted, the deadlines to be complied with and the types and format of information to be transmitted. ***Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a (2).***	**this Article** the Commission shall be empowered to adopt implementing acts to specify the **minimum** requirements to transmit information laid down in paragraphs 1 to 4 ~~including~~ as regards the ~~content to be transmitted, the deadlines to be complied with and the~~ types and format of information to be transmitted **and the deadlines to be complied with**. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a (2).	***this Article,*** the Commission shall be empowered to adopt ***delegated*** acts, ***in accordance with Article 14a,*** to specify the ***minimum*** requirements to transmit information laid down in paragraphs 1 to 4 as regards the content to be transmitted, the deadlines to be complied with and the types and format of information to be transmitted***, including the secure formats to be used***.	
Article 3c ***Facilitation of the exercise of shareholder rights***	*Article 3c* ***Facilitation of the exercise of shareholder rights***	Article 3c Facilitation of the exercise of shareholder rights	
1. Member States shall ensure that the ***intermediary facilitates*** the exercise of the rights ***by the shareholder,*** including the right to participate and vote in general meetings. Such facilitation shall comprise at least ***either*** of the following:	1. Member States shall ensure that the ~~intermediary facilitates~~**intermediaries facilitate** the exercise of the rights by the shareholder, including the right to participate and vote in general meetings. Such facilitation shall comprise at least either of the following:	1. Member States shall ensure that the ***intermediaries facilitate*** the exercise of the ***shareholder*** rights by the shareholder, including the right to participate and vote in general meetings. Such facilitation shall comprise at least ***one*** of the following:	

(a) the intermediary makes the necessary arrangements for the shareholder or a third person nominated by the shareholder to be able to exercise themselves the rights;	(a) the intermediary makes the necessary arrangements for the shareholder or a third ~~person~~**party** nominated by the shareholder to be able to exercise themselves the rights;	(a) the intermediary makes the necessary arrangements for the shareholder or a third person nominated by the shareholder to be able to exercise themselves the rights;	
(b) the intermediary exercises the rights flowing from the shares upon the explicit authorisation and instruction of the shareholder and for his benefit.	(b) the intermediary exercises the rights flowing from the shares upon the explicit authorisation and instruction of the shareholder and for his benefit.	(b) the intermediary exercises the rights flowing from the shares upon the explicit authorisation and instruction of the shareholder and for his benefit.	
2. Member States shall ensure that companies confirm the votes cast in general meetings by or on behalf of shareholders. In case the intermediary casts the vote, it shall transmit the voting confirmation to the shareholder. Where there is more than one intermediary in the holding chain the confirmation shall be transmitted between intermediaries without undue delay.	2. Member States shall ensure that ~~companies confirm the~~**when** votes **are** cast ~~in general meetings by or on behalf of shareholders. In case the intermediary casts the vote, it shall transmit the voting~~**electronically an electronic** confirmation **of receipt of the votes is sent** to the ~~shareholder. Where there is more than one intermediary in the holding chain the confirmation shall be transmitted between intermediaries without undue delay~~**person that casts the vote**.	2. Member States shall ensure that companies ***publicly disclose, via their website, the minutes of the general meetings and the results of votes. Member States shall ensure that companies*** confirm the votes cast in general meetings by or on behalf of shareholders, ***when they are cast by electronic means***. In case the intermediary casts the vote, it shall transmit the voting confirmation to the shareholder. Where there is more than one intermediary in the holding chain the confirmation shall be transmitted between intermediaries without undue delay.	

	Member States shall ensure that after the general meeting the shareholder or a third party nominated by the shareholder can obtain, at least upon request, a confirmation that their votes have been validly recorded and counted by the company, unless this information is already available to them. Member States may define the time-period which shall not be longer than 3 months within which the shareholder can request such confirmation. **In case the intermediary receives the confirmation referred to in the first or second subparagraph, it shall transmit it without delay to the shareholder or a third party nominated by the shareholder.** **Where there is more than one intermediary in the holding chain the confirmation shall be transmitted between intermediaries without delay, unless the information can be directly transmitted to the shareholder or a third party nominated by the shareholder.**		

3. The Commission shall be empowered to adopt ***implementing*** acts to specify the requirements to facilitate the exercise of shareholder rights laid down in paragraphs 1 and 2 of this Article ***including*** as regards the ***type and content*** of the facilitation, the form of the voting confirmation and the deadlines to be complied with. ***Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a(2).***	3. **To ensure uniform application of this Article,** the Commission shall be empowered to adopt implementing acts to specify the **minimum** requirements to facilitate the exercise of shareholder rights laid down in paragraphs 1 and 2 of this Article ~~including~~ as regards the ~~type and content~~**types** of the facilitation, the ~~form~~**format** of the ~~voting~~**electronic** confirmation **of receipt of the votes, the format for the transmission of the confirmation that the votes have been validly recorded and counted through the chain of intermediaries** and the deadlines to be complied with. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a(2).	3. ***To ensure uniform application of this Article,*** the Commission shall be empowered to adopt ***delegated*** acts***, in accordance with Article 14a***, to specify the ***minimum*** requirements to facilitate the exercise of shareholder rights laid down in paragraphs 1 and 2 of this Article as regards the ***types*** of the facilitation, the form of the voting confirmation and the deadlines to be complied with.	
Article 3d ***Transparency on costs***	*Article 3d* ***Non-discrimination, proportionality and transparency on costs***	Article 3d Transparency on costs	
1. Member States ***shall*** allow intermediaries to charge ***prices or fees for*** the service to be provided under this chapter. Intermediaries shall publicly disclose prices, fees and any other charges separately for each	1. Member States shall ~~allow~~**require** intermediaries to ~~charge prices or fees for the service to be provided under this chapter. Intermediaries shall~~ publicly disclose prices, fees and any other charges **that may be levied for services provided under this**	1. Member States ***may*** allow intermediaries to charge ***the costs of*** the service to be provided ***by the companies*** under this chapter. Intermediaries shall publicly disclose prices, fees and any other charges separately for each service	

service referred to in this chapter.	**chapter** separately for each service ~~referred to in this chapter. .~~	referred to in this chapter.	
		2. ***Where intermediaries are permitted to charge costs in accordance with paragraph 1, Member States shall ensure that intermediaries publicly disclose, separately for each service, the costs for the services referred to in this chapter.***	
2. Member States shall ensure that any ***charges*** that may be levied by an intermediary on shareholders, companies and other intermediaries shall be non-discriminatory ***and proportional***. Any differences in the charges levied between domestic and cross-border exercise of rights shall be duly justified.	2. Member States shall ensure that any charges that may be levied by an intermediary on shareholders, companies and other intermediaries shall be ~~non-discriminatory and proportional. Any differences in the charges levied between domestic and cross-border exercise of rights shall be duly justified.~~**proportional and non-discriminatory.**	Member States shall ensure that any ***costs*** that may be levied by an intermediary on shareholders, companies and other intermediaries shall be non-discriminatory***, reasonable*** and ***proportionate***. Any differences in the charges levied between domestic and cross-border exercise of rights shall ***only*** be ***permitted where*** duly justified ***and shall reflect the variation in actual costs incurred for delivering the services***.	
	3. Member States may provide that intermediaries are not allowed to charge fees for the services provided under this chapter.		

Article 3e ***Third country intermediaries***	*Article 3e* ***Third country intermediaries***	Article 3e Third country intermediaries	
A third country intermediary who has established a branch in the Union shall be subject to this chapter.”	~~A third country intermediary who has established a branch in the Union shall be subject to this chapter.”~~**This Chapter also applies to intermediaries which have their registered office or head office outside the Union in so far they provide services with respect to shares of companies which have their registered office in a Member State and whose shares are admitted to trading on a regulated market situated or operating within a Member State.**	A third country intermediary who has established a branch in the Union shall be subject to this chapter.”	
	Article 3ea		
	Information on implementation **1. Competent authorities of Member States shall inform the Commission of substantial practical difficulties in enforcement of the provisions of this Chapter or non-compliance with the provisions of this Chapter by intermediaries within the EU or from a third country.**		

	2. The Commission shall, in close cooperation with ESMA and EBA, submit a report to the European Parliament and to the Council on the implementation of this Chapter, including, its effectiveness, difficulties in practical application and enforcement, while taking into account relevant market developments at the EU and international level. The report shall also address the appropriateness of the scope of application of this Chapter in relation to third country intermediaries. The report shall be published by the Commission [4 years from the expiry of the transposition period referred to in Article 3(1)].		
Chapter Ib **Transparency of institutional investors, asset managers and proxy advisors**	**Chapter Ib** **Transparency of institutional investors, asset managers and proxy advisors**	CHAPTER IB TRANSPARENCY OF INSTITUTIONAL INVESTORS, ASSET MANAGERS AND PROXY ADVISORS	

Article 3f ***Engagement policy***	*Article 3f* ***Engagement policy***	Article 3f Engagement policy	
1. Member States shall ensure that institutional investors and asset managers develop a policy on shareholder engagement ("engagement policy") This engagement policy shall determine how institutional investors and asset managers conduct all of the following actions:	1. Member States shall ensure that institutional investors and asset managers ~~develop a policy on shareholder engagement ("engagement policy") This engagement policy shall determine how institutional investors and asset managers conduct all of~~**either comply with** the following ~~actions~~**requirements or publicly disclose an explanation why they have chosen not to comply with these requirements**:	1. Member States shall***, without prejudice to Article 3f(4),*** ensure that institutional investors and asset managers develop a policy on shareholder engagement ("engagement policy"). This engagement policy shall determine how institutional investors and asset managers conduct the following actions:	
(a) to integrate shareholder engagement in their investment strategy;	(a) ~~to~~**Institutional investors and asset managers shall develop and publicly disclose a policy on shareholder engagement ("engagement policy") that describes how they** integrate shareholder engagement in their investment strategy~~;~~ **and conduct engagement activities as referred to in Article 2 point (h) and manage actual and potential conflicts of interests in relation to their engagement.**	(a) to integrate shareholder engagement in their investment strategy;	
(b) to monitor investee	~~(b) to monitor investee companies,~~	(b) to monitor investee companies,	

companies, including on their non-financial performance;	~~including on their non-financial performance;~~ **(b) Institutional investors and asset managers shall, on an annual basis, publicly disclose how this engagement policy has been implemented, including a general description of their voting behaviour and their use of the services of proxy advisors. For each company in which they hold at least 1% of the voting rights, they shall publicly disclose how they cast their votes. For the purposes of calculating the threshold of 1% of the voting rights, the number of voting rights held by funds managed by the same asset managers or institutional investor shall be calculated on an aggregated basis.**	including on their non-financial performance***, and reduction of social and environmental risks***;	
(c) to conduct dialogues with investee companies;	~~(c) to conduct dialogues with investee companies;~~	(c) to conduct dialogues with investee companies;	
(d) to exercise voting rights;	~~(d) to exercise voting rights;~~	(d) to exercise voting rights	
(e) to use services provided by proxy advisors;	~~(e) to use services provided by proxy advisors;~~	(e) to use services provided by proxy advisors;	

(f) to cooperate with other shareholders.	~~(f) to cooperate with other shareholders.~~	(f) to cooperate with other shareholders***;***	
		(fa) to conduct dialogue and cooperate with other stakeholders of the investee companies.	
2. Member States shall ensure that the engagement policy includes policies to manage actual or potential conflicts of interests with regard to shareholder engagement. Such policies shall in particular be developed for all of the following situations:	~~2. Member States shall ensure that the engagement policy includes policies to manage actual or potential conflicts of interests with regard to shareholder engagement. Such policies shall in particular be developed for all of the following situations:~~ **2. The information referred to in paragraph 1 shall be published on the institutional investor's or asset manager's website. Member States may provide that the information is published through other means that are easily accessible on-line.**	2. Member States shall***, without prejudice to Article 3f(4),*** ensure that the engagement policy includes policies to manage actual or potential conflicts of interests with regard to shareholder engagement. Such policies shall in particular be developed for all of the following situations:	
(a) the institutional investor or the asset manager, or other companies affiliated to them, offer financial products to or have other commercial relationships with the investee company;	~~(a) the institutional investor or the asset manager, or other companies affiliated to them, offer financial products to or have other commercial relationships with the investee company;~~	(a) the institutional investor or the asset manager, or other companies affiliated to them, offer financial products to or have other commercial relationships with the investee company;	

(b) a director of the institutional investor or the asset manager is also a director of the investee company;	~~(b) a director of the institutional investor or the asset manager is also a director of the investee company;~~	(b) a director of the institutional investor or the asset manager is also a director of the investee company;	
(c) an asset manager managing the assets of an institution for occupational retirement provision invests in a company that contributes to that institution;	~~(c) an asset manager managing the assets of an institution for occupational retirement provision invests in a company that contributes to that institution;~~	(c) an asset manager managing the assets of an institution for occupational retirement provision invests in a company that contributes to that institution;	
(d) the institutional investor or asset manager is affiliated with a company for whose shares a takeover bid has been launched.	~~(d) the institutional investor or asset manager is affiliated with a company for whose shares a takeover bid has been launched.~~ **Where an asset manager implements the engagement policy, including voting, on behalf of an institutional investor, the institutional investor shall make a reference as to where such voting information has been published by the asset manager.**	(d) the institutional investor or asset manager is affiliated with a company for whose shares a takeover bid has been launched.	
3. Member States shall ensure that institutional investors and asset managers publicly disclose on an annual basis their engagement policy, how it has been implemented and the results thereof. The information referred	~~3. Member States shall ensure that institutional investors and asset managers publicly disclose on an annual basis their engagement policy, how it has been implemented and the results thereof. The information referred to in the first sentence shall at~~	3. Member States shall ensure that institutional investors and asset managers publicly disclose on an annual basis their engagement policy, how it has been implemented and the results thereof. The information referred to in the first	

to in the first sentence shall at least be available on the company's website. Institutional investors and asset managers shall, for each company in which they hold shares, ***disclose if and*** how they cast their votes in the general meetings of the companies concerned and provide an explanation for their voting behaviour. Where an asset manager casts votes on behalf of an institutional investor, the institutional investor shall make a reference as to where such voting information has been published by the asset manager.	~~least be available on the company's website. Institutional investors and asset managers shall, for each company in which they hold shares, disclose if and how they cast their votes in the general meetings of the companies concerned and provide an explanation for their voting behaviour. Where an asset manager casts votes on behalf of an institutional investor, the institutional investor shall make a reference as to where such voting information has been published by the asset manager.~~**3. Conflicts of interest rules applicable to institutional investors and asset managers, including Article 14 of Directive 2011/61/EU, Article 12(1)(b) and 14(1)(d) of Directive 2009/65/EC and their relevant implementing rules and Article 23 of Directive 2014/65/EU shall also be applicable with regard to engagement activities.**	sentence shall at least be available***, free of charge,*** on the company's website. ***Institutional investors shall provide their clients with that information on an annual basis.*** Institutional investors and asset managers shall ***publicly disclose***, for each company in which they hold shares, ***whether*** and how they cast their votes in the general meetings of the companies concerned and provide an explanation for their voting behaviour. Where an asset	

		manager casts votes on behalf of an institutional investor, the institutional investor shall make a reference as to where such voting information has been published by the asset manager. ***The information referred to in this paragraph shall at least be available, free of charge, on the company's website***.	
4. Where institutional investors or asset managers decide not to develop an engagement policy or decide not to disclose the implementation and results thereof, they shall give a clear and reasoned explanation as to why this is the case. *Article 3g* ***Investment strategy of institutional investors and arrangements with asset managers*** 1. Member States shall ensure that institutional investors disclose to the public how their equity investment strategy ("investment strategy") is aligned with the profile and duration of their liabilities and how it contributes to the medium to long-term performance of their	~~4. Where institutional investors or asset managers decide not to develop an engagement policy or decide not to disclose the implementation and results thereof, they shall give a clear and reasoned explanation as to why this is the case.~~ *Article 3g* ***Investment strategy of institutional investors and arrangements with asset managers*** 1. Member States shall ensure that institutional investors **publicly** disclose ~~to the public~~**whether and if so** how **the principles underlying** their equity investment strategy (~~"~~**and the arrangements with asset managers who invest on their behalf, either on a discretionary client-by-client basis or through a**	4. Where institutional investors or asset managers decide not to develop an engagement policy or decide not to disclose the implementation and results thereof, they shall give a clear and reasoned explanation as to why this is the case. Article 3g Investment strategy of institutional investors and arrangements with asset managers 1. Member States shall ensure that institutional investors disclose to the public how their investment strategy ("investment strategy") is aligned with the profile and duration of their liabilities and how it contributes to the medium to long-term performance of their assets. The information referred to in the first	

assets. The information referred to in the first sentence shall at least be available on the company's website as long as it is applicable.	**collective** investment ~~strategy")~~ ~~is~~**undertaking are** aligned with the ~~profile and duration~~**long-term horizon** of their liabilities and ~~how it contributes~~**contribute** to the ~~medium to~~ long-term performance of their assets. ~~The information referred to in the first sentence shall at least be available on the company's website as long as it is applicable.~~ **If these principles and the arrangement with the asset manager are not aligned in this way, the institutional investors should explain why this is the case.**	sentence shall at least be available***,*** ***free of charge,*** on the company's website as long as it is applicable ***and shall be sent annually to the company's clients together with the information on their engagement policy***.	
2. Where an asset manager invests on behalf of an institutional investor, either on a discretionary client-by-client basis or through a collective investment undertaking, the institutional investor shall annually disclose to the public the main elements of the arrangement with the asset manager with regard to the following issues:	2. **Member States shall ensure that** where an asset manager invests on behalf of an institutional investor, ~~either on a discretionary client-by-client basis or through a collective investment undertaking, the institutional investor shall annually~~**the institutional investors publicly** disclose ~~to~~**whether and if so how** the ~~public the main elements~~**method and time horizon** of the ~~arrangement~~**evaluation of the asset manager's performance, including its remuneration, is aligned** with the ~~asset manager with regard to~~**long-term horizon of** the ~~following issues:~~**liabilities of the institutional**	2. Where an asset manager invests on behalf of an institutional investor, either on a discretionary client-by-client basis or through a collective investment undertaking, the institutional investor shall annually disclose to the public the main elements of the arrangement with the asset manager with regard to the following issues:	

	investor.		
(a) whether and to what extent it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of its liabilities;	~~(a) whether and to what extent it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of its liabilities;~~	(a) whether and to what extent it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of its liabilities;	
(b) whether and to what extent it incentivises the asset manager to make investment decisions based on medium to long-term company performance, including non-financial performance, and to engage with companies as a means of improving company performance to deliver investment returns;	~~(b) whether and to what extent it incentivises the asset manager to make investment decisions based on medium to long-term company performance, including non-financial performance, and to engage with companies as a means of improving company performance to deliver investment returns;~~	(b) whether and to what extent it incentivises the asset manager to make investment decisions based on medium to long-term company performance, including non-financial performance, and to engage with companies as a means of improving company performance to deliver investment returns;	
(c) the method and time horizon of the evaluation of the asset manager's performance, and in particular whether, and how this evaluation takes long-term absolute performance into account as opposed to performance relative to a benchmark index or other asset managers pursuing similar investment strategies;	~~(c) the method and time horizon of the evaluation of the asset manager's performance, and in particular whether, and how this evaluation takes long-term absolute performance into account as opposed to performance relative to a benchmark index or other asset managers pursuing similar investment strategies;~~	(c) the method and time horizon of the evaluation of the asset manager's performance, and in particular whether, and how this evaluation takes long-term absolute performance into account as opposed to performance relative to a benchmark index or other asset managers pursuing similar investment strategies;	

(d) how the structure of the consideration for the asset management services contributes to the alignment of the investment decisions of the asset manager with the profile and duration of the liabilities of the institutional investor; (e) the targeted portfolio turnover or turnover range, the method used for the turnover calculation, and whether any procedure is established when this is exceeded by the asset manager;	~~(d) how the structure of the consideration for the asset management services contributes to the alignment of the investment decisions of the asset manager with the profile and duration of the liabilities of the institutional investor;~~ ~~(e) the targeted portfolio turnover or turnover range, the method used for the turnover calculation, and whether any procedure is established when this is exceeded by the asset manager;~~	(d) how the structure of the consideration for the asset management services contributes to the alignment of the investment decisions of the asset manager with the profile and duration of the liabilities of the institutional investor; (e) the targeted portfolio turnover or turnover range, the method used for the turnover calculation, and whether any procedure is established when this is exceeded by the asset manager;	
(f) the duration of the arrangement with the asset manager.	~~(f) the duration of the arrangement with the asset manager.~~ **They shall also disclose whether and if so how they monitor portfolio turnover costs incurred by the asset manager and how they incentivise the asset manager to engage in the best medium-to long-term interest of the institutional investor.**	(f) the duration of the arrangement with the asset manager.	

Where the arrangement with the asset manager does not contain one or more of the elements referred to in points (a) to (f), the institutional investor shall give a clear and reasoned explanation as to why this is the case.	Where the arrangement with the asset manager does not contain ~~one or more of the~~**such** elements~~ referred to in points (a) to (f),~~**,** the institutional investor shall ~~give a clear and reasoned explanation as to~~**explain** why this is the case.	Where the arrangement with the asset manager does not contain one or more of the elements referred to in points (a) to (f), the institutional investor shall give a clear and reasoned explanation as to why this is the case.	
	3. The information referred to in paragraph 1 and 2 shall be published on the institutional investor's website. Member States may provide that this information is published through other means that are easily accessible on-line. Member States may provide that institutional investors regulated by Directive 2009/138 EC include this information in their report on solvency and financial condition referred to in Article 51 of that Directive.		

Article 3h ***Transparency of asset managers***	*Article 3h* ***Transparency of asset managers***	Article 3h Transparency of asset managers	
1. Member States shall ensure that asset managers disclose ***on a half-yearly basis to the institutional investor with which they have entered into the arrangement referred to in Article 3g(2)*** how their investment strategy and implementation thereof complies with ***that*** arrangement ***and how the investment strategy and implementation thereof contributes to medium to long-term performance of the assets of the institutional investor.***	1. Member States shall ensure that asset managers disclose on ~~a half-yearly~~**an annual** basis to the institutional investor with which they have entered into the ~~arrangement~~**arrangements** referred to in Article 3g~~(2)~~ **whether and if so** how their ~~investment strategy and implementation thereof complies with that arrangement and how the investment strategy and implementation thereof contributes to~~**equity investments contribute to the** medium to long-term performance of the assets of the institutional investor **or of the fund. This shall include reporting on the key, material medium-to long-term risks associated with the investments, the portfolio turnover, portfolio turnover costs and their policy on securities lending and how it is applied to fulfil its engagement activities if applicable, particularly at the time of the general meeting of the investee companies**.	1. Member States shall ensure that asset managers disclose***, as specified in paragraphs 2 and 2a,*** how their investment strategy and implementation thereof complies with ***the*** arrangement ***referred to in Article 3g(2)***.	

2. Member States shall ensure that asset managers disclose to the ***institutional investor on a half-yearly basis*** all of the following information:	~~2. Member States shall ensure that asset managers disclose to the institutional investor on a half-yearly basis all of the following information:~~**2. Member States may provide that the information in paragraph 1 is disclosed together with the annual report referred to in Article 68 of Directive 2009/65/EC or in Article 22 of Directive 2011/61/EU, or periodic communications referred to in Article 25 (6) of Directive 2014/65/EU.**	2. Member States shall ensure that asset managers ***annually*** disclose to the ***public*** all of the following information:	
(a) whether or not, and if so how, they make investment decisions on the basis of judgements about medium-to long-term performance of the investee company, including non-financial performance;	~~(a) whether or not, and if so how, they make investment decisions on the basis of judgements about medium-to long-term performance of the investee company, including non-financial performance;~~	(a) whether or not, and if so how, they make investment decisions on the basis of judgements about medium-to long-term performance of the investee company, including non-financial performance;	
(b) how the portfolio was composed and provide an explanation of significant changes in the portfolio in the previous period;	~~(b) how the portfolio was composed and provide an explanation of significant changes in the portfolio in the previous period;~~	***deleted***	

(c) the level of portfolio turnover, the method used to calculate it and an explanation if the turnover exceeded the targeted level; ***(d) portfolio turnover costs;***	~~(c) the level of portfolio turnover, the method used to calculate it and an explanation if the turnover exceeded the targeted level;~~ ~~(d) portfolio turnover costs;~~	***(b)*** the level of portfolio turnover, the method used to calculate it and an explanation if the turnover exceeded the targeted level; ***deleted***	
(e) their policy on securities lending and the implementation thereof; (f) whether or not, and if so, what actual or potential conflicts of interest have arisen in connection with engagement activities and how the asset manager has dealt with them;	~~(e) their policy on securities lending and the implementation thereof;~~ ~~(f) whether or not, and if so, what actual or potential conflicts of interest have arisen in connection with engagement activities and how the asset manager has dealt with them;~~	***deleted*** ***(c)*** whether or not, and if so, what actual or potential conflicts of interest have arisen in connection with engagement activities and how the asset manager has dealt with them;	
(g) whether or not, and if so how, the asset manager uses proxy advisors for the purpose of their engagement activities.	~~(g) whether or not, and if so how, the asset manager uses proxy advisors for the purpose of their engagement activities.~~	***(d)*** whether or not, and if so how, the asset manager uses proxy advisors for the purpose of their engagement activities;	
		(e) how, overall, the investment strategy and implementation thereof contributes to the medium to long-term performance of the assets of the institutional investor.	
	Where the information disclosed pursuant to paragraph 1 is already publicly available, the asset		

	manager is not required to provide the information to the institutional investor directly.		
		2a. Member States shall ensure that asset managers annually disclose to the institutional investor with which they have entered into the arrangement referred to in Article 3g(2) all of the following information:	
		(a) how the portfolio was composed and an explanation of any significant changes in the portfolio in the previous period; ***(b) portfolio turnover costs;*** ***(c) their policy on securities lending and the implementation thereof.***	
3. The information disclosed pursuant to paragraph 2 shall be provided free of charge and, in case the asset manager does not manage the assets on a discretionary client-by-client basis, it shall also be provided to other investors on request.	3. ~~The information disclosed pursuant to paragraph 2 shall be provided free of charge and,~~**Member States may provide that** in case the asset manager does not manage the assets on a discretionary client-by-client basis, ~~it~~**information disclosed pursuant to paragraph 1** shall also be provided to other investors ~~on~~**of the same fund at least upon** request.	3. The information disclosed pursuant to paragraph 2 shall ***at least be available, free of charge, on the asset manager's website. The information disclosed pursuant to paragraph 2a shall*** be provided free of charge and, in case the asset manager does not manage the assets on a discretionary client-by-client basis, it shall also be provided to other investors on request.	

		3a. Member States may provide that, in exceptional cases, an asset manager may be allowed, if approved by the competent authority, to abstain from disclosing a certain part of the information to be disclosed under ***this Article if that part relates to impending developments or matters that are in the course of negotiation and its disclosure would be seriously prejudicial to the commercial position of the asset manager.***	
Article 3i ***Transparency of proxy advisors***	*Article 3i* ***Transparency of proxy advisors***	Article 3i Transparency of proxy advisors	
1. Member States shall ensure that proxy advisors adopt and implement adequate measures to ***guarantee*** that their voting recommendations are accurate and reliable, based on a thorough analysis of all the information that is available to them.	1. Member States shall ensure that proxy advisors ~~adopt and implement adequate measures~~**publicly disclose reference** to ~~guarantee that their voting recommendations are accurate and reliable, based on~~ a ~~thorough analysis~~**code** of ~~all~~ **conduct which they apply and report on** the ~~information that is available to them~~**application of this code of conduct**.	1. Member States shall ensure that proxy advisors adopt and implement adequate measures to ***ensure to the best of their ability*** that their ***research and*** voting recommendations are accurate and reliable, based on a thorough analysis of all the information that is available to them, ***and are developed in the sole interest of their clients***.	

	Where the proxy advisors depart from any recommendation of the code of conduct which they apply, they shall explain which parts they depart from, provide reasons for doing so and indicate, where appropriate, what alternative measures have been adopted.		
	Where proxy advisors decide not to apply a code of conduct, they should explain the reasons for doing so. Information referred to in this paragraph shall be published by proxy advisors on their websites and updated on an annual basis.	***1a. Member States shall ensure that proxy advisors refer to the code of conduct which they apply. Where they depart from any of the recommendations of that code of conduct, they shall declare it, explain the reasons for doing so and indicate any alternative measures adopted. This information, together with the reference to the code of conduct which they apply, shall be published on the proxy advisor's website.***	

		Proxy advisors shall report every year on the application of that code of conduct. Annual reports shall be published on the proxy advisor's website and shall remain available, free of charge, for at least three years after the date of publication	
2. Proxy advisors shall on an annual basis publicly disclose all of the following information in relation to the preparation of their voting recommendations: (a) the essential features of the methodologies and models they apply; (b) the main information sources they use;	2. **Member States shall ensure that** proxy advisors ~~shall~~ **publicly disclose** on an annual basis ~~publicly disclose~~ **at least** all of the following information in relation to the preparation of their voting recommendations: (a) the essential features of the methodologies and models they apply; (b) the main information sources they use;	2. ***Member States shall ensure that*** proxy advisors shall on an annual basis publicly disclose all of the following information in relation to the preparation of their ***research and*** voting recommendations: (a) the essential features of the methodologies and models they apply; (b) the main information sources they use;	
	(ba) procedures put in place to ensure quality of the research;		
(c) whether and, if so, how they take national market, legal and regulatory conditions into account;	(c) whether and, if so, how they take national market, legal and regulatory conditions into account;	(c) whether and, if so, how they take national market, legal**,** regulatory ***and company-specific*** conditions into account;	

	(ca) the essential features of the voting policies they apply for each market;	***(ca) the essential features of the research undertaken and voting policies applied for each market;***	
(d) whether they have dialogues with the companies which are the object of their voting recommendations, and, if so, the extent and nature thereof;	(d) whether they have dialogues with the companies which are the object of their voting recommendations, and, if so, the extent and nature thereof;	(d) whether they have ***communication or*** dialogues with the companies which are the object of their ***research and*** voting recommendations ***and their stakeholders***, and, if so, the extent and nature thereof;	
	(da) the policy regarding prevention and management of potential conflicts of interests;	***(da) the policy regarding prevention and management of potential conflicts of interest;***	
(e) the total number of staff involved in the preparation of the voting recommendations;	~~(e) the total number of staff involved in the preparation of the voting recommendations;~~	(e) the total number ***and the qualifications*** of staff involved in the preparation of the voting recommendations;	
(f) the total number of voting recommendations provided in the last year.	~~(f) the total number of voting recommendations provided in the last year.~~	(f) the total number of voting recommendations provided in the last year.	
That information shall be published on ***their*** website and remain available for at least three years from the day of publication.	~~That information~~ **Information referred to in this paragraph** shall be published **by proxy advisers** on their ~~website~~**websites** and remain available for at least three years from the day of publication. **The information does not need to be disclosed where the information is**	That information shall be published on ***the*** website ***of proxy advisors*** and remain available***, free of charge,*** for at least three years from the day of publication.	

	available as part of the disclosure under paragraph 1.		
3. Member States shall ensure that proxy advisors identify and disclose without undue delay to their clients ***and the company concerned*** any actual or potential conflict of interest or business relationships that may influence the preparation of the voting recommendations and the actions they have undertaken to eliminate or mitigate the actual or potential conflict of interest.”	3. Member States shall ensure that proxy advisors identify and disclose without ~~undue~~ delay to their clients ~~and the company concerned~~ any actual or potential conflict of interest or business relationships that may influence the preparation of the voting recommendations and the actions they have undertaken to ~~eliminate or mitigate~~**manage** the actual or potential conflict of interest~~.”~~**.** **4. The Commission shall, in close cooperation with ESMA, submit a report to the European Parliament and to the Council on the implementation of this Article, including the appropriateness of its scope of application and its effectiveness and the assessment of the need for establishing regulatory requirements for proxy advisors, taking into account relevant EU and international market developments. The report shall be published by [4 years from the expiry of the transposition period referred to in Article 3(1)] and shall be accompanied, if appropriate, by legislative proposals.**	3. Member States shall ensure that proxy advisors identify and disclose without undue delay to their clients any actual or potential conflict of interest or business relationships that may influence ***the research and*** the preparation of the voting recommendations and the actions they have undertaken to eliminate or mitigate the actual or potential conflict of interest.”	

	4a. This Article also applies to proxy advisors having their registered office or head office outside the Union which carry out their activities through an establishment located in the Union.		
(4) The following articles 9a, 9b and 9c are inserted: *"Article 9a* ***Right to vote on the remuneration policy***	(4) The following articles 9a, 9b and 9c are inserted: *"Article 9a* ***Right to vote on the remuneration policy***	(4) The following articles are inserted: "Article 9a Right to vote on the remuneration policy	
1. Member States shall ensure that ***shareholders have the right to vote on the remuneration policy as regards directors.*** Companies shall only pay remuneration to their directors in accordance with a remuneration policy that has been ***approved by*** shareholders. The policy shall be submitted for approval by the ***shareholders*** at least every three years.	1. Member States shall ensure that **companies establish a remuneration policy as regards directors and that the general meeting of** shareholders ~~have~~**has** the right to vote on the remuneration policy~~ as regards directors. Companies shall only pay remuneration to their directors in accordance with a remuneration policy that has been approved by shareholders. The policy shall be submitted for approval by the shareholders at least every three years~~.	1. Member States shall ensure that ***companies establish a remuneration policy as regards directors and submit it to a binding vote of the general meeting of shareholders***. Companies shall only pay remuneration to their directors in accordance with a remuneration policy that has been ***voted on at the general meeting of*** shareholders. ***Any change to the policy shall be voted on at the general meeting of shareholders and*** the policy shall be submitted ***in any case*** for approval by the ***general meeting*** at least every three years.	

	Companies shall only pay remuneration to their directors in accordance with that remuneration policy.	***However, Member States may provide that the votes by the general meeting on the remuneration policy are advisory.***	
Companies may, in case of recruitment of new board members, decide to pay remuneration to an individual director outside the approved policy, where the remuneration package of the individual director has received prior approval by shareholders on the basis of information on the matters referred to in paragraph 3. The remuneration may be awarded provisionally pending approval by the shareholders.	~~Companies~~**Member States** may~~, in case of recruitment of new board members, decide to pay~~ **provide that the** remuneration ~~to an individual director outside the approved~~ policy~~,~~ ~~where~~ **may foresee exceptional circumstances in which** the remuneration ~~package of~~**paid to individual directors may be not in accordance with** the ~~individual director has received prior approval by shareholders on the basis of information on the matters referred to in paragraph 3.~~**rules laid down in** the remuneration ~~may be awarded provisionally pending approval by the shareholders~~**policy applicable to all other directors**.	***In cases where no remuneration policy has been implemented previously and shareholders reject the draft policy submitted to them, the company may, while reworking the draft and for a period of no longer than one year before the draft is adopted, pay remuneration to its directors in accordance with existing practices.***	
	Member States shall ensure that the vote by the general meeting on the remuneration policy is binding. A remuneration policy shall continue to apply until a new one is approved by the general meeting.	***In cases where there is an existing remuneration policy and shareholders reject a draft policy submitted to them in line with the first subparagraph, the company may, while reworking the draft and for a period of no longer than one***	

		year until the draft is adopted, pay remuneration to its directors in accordance with the existing policy.	
	However Member States may provide that the vote by the general meeting on the remuneration policy is advisory, provided that where the general meeting votes against the remuneration policy, a revised policy is submitted to a vote at the next general meeting.		
	Member States shall ensure that companies submit the remuneration policy to a vote by the general meeting at every material change and in any case at least every five years.		
2. Member States shall ensure that the policy ***is*** clear, understandable, in line with the business strategy, objectives, values and long-term interests of the company and ***that it incorporates*** measures to avoid conflicts of interest.	~~2. Member States shall ensure that the policy is clear, understandable, in line with the business strategy, objectives, values and long-term interests of the company and that it incorporates measures to avoid conflicts of interest.~~	2. The policy ***shall be*** clear, understandable, in line with the business strategy, objectives, values and long-term interests of the company and ***shall incorporate*** measures to avoid conflicts of interest.	

3. The policy shall explain how it contributes to the long-term interests and sustainability of the company. It shall set clear criteria for the award of fixed and variable remuneration, including all benefits in whatever form.	3. The policy shall explain how it contributes to the **business strategy,** long-term interests and sustainability of the company. It shall ~~set~~**be** clear ~~criteria for~~**and understandable and describe** the ~~award~~**different components** of fixed and variable remuneration, including all benefits in whatever form**, which can be awarded to directors**. **Member States may provide that the policy indicates the maximum amount of remuneration that can be awarded.**	3. The policy shall explain how it contributes to the long-term interests and sustainability of the company. It shall set clear criteria for the award of fixed and variable remuneration, including all ***bonuses and all*** benefits in whatever form.	
The policy shall indicate the ***maximum amounts of total remuneration that can be awarded, and the corresponding*** relative proportion of the different components of fixed and variable remuneration. It shall explain how the pay and employment conditions of employees of the company were taken into account when setting the policy or directors' remuneration ***by explaining the ratio between the average remuneration of directors and the average remuneration of full***	~~The policy shall indicate the maximum amounts of total remuneration that can be awarded, and the corresponding relative proportion of the different components of fixed and variable remuneration. It~~**The policy** shall explain how the pay and employment conditions of employees of the company were taken into account when setting the policy or directors' remuneration ~~by explaining the ratio between the average remuneration of directors and the average remuneration of full time employees of the company other than directors~~	The policy shall indicate the ***appropriate*** relative proportion of the different components of fixed and variable remuneration. It shall explain how the pay and employment conditions of employees of the company were taken into account when setting the policy or directors' remuneration.	

time employees of the company other than directors and why this ratio is considered appropriate. The policy may exceptionally be without a ratio in case of exceptional circumstances. In that case, it shall explain why there is no ratio and which measures with the same effect have been taken.	~~and why this ratio is considered appropriate. The policy may exceptionally be without a ratio in case of exceptional circumstances. In that case, it shall explain why there is no ratio and which measures with the same effect have been taken.~~**.**		
For variable remuneration, the policy shall indicate the financial and non-financial performance criteria to be used and explain how they contribute to the long-term interests and sustainability of the company, and the methods to be applied to determine to which extent the performance criteria have been fulfilled; it shall specify the deferral periods, vesting periods for share-based remuneration and retention of shares after vesting, and information on the possibility of the company to reclaim variable remuneration.	~~For~~**Where applicable the policy shall set clear criteria for the award of the** variable remuneration~~, the policy~~**. It** shall indicate the financial and non-financial performance criteria to be used and explain how they contribute to the **business strategy,** long-term interests and sustainability of the company, and the methods to be applied to determine to which extent the performance criteria have been fulfilled~~;~~**. Where applicable** it shall specify ~~the deferral periods,~~ vesting periods for share-based remuneration and retention of shares after vesting, and information on the **deferral periods and on the** possibility of the company to reclaim variable remuneration.	For variable remuneration, the policy shall indicate the financial and non-financial performance criteria***, including, where appropriate, consideration for programmes and results relating to corporate social responsibility,*** to be used and explain how they contribute to the long-term interests and sustainability of the company, and the methods to be applied to determine to which extent the performance criteria have been fulfilled; it shall specify the deferral periods, vesting periods for share-based remuneration and retention of shares after vesting, and information on the possibility of the company to reclaim variable remuneration.	

		Member States shall ensure that the value of shares does not play a dominant role in the financial performance criteria. ***Member States shall ensure that share-based remuneration does not represent the most significant part of directors' variable remuneration. Member States may provide for exceptions to the provisions of this subparagraph under the condition that the remuneration policy includes a clear and reasoned explanation as to how such an exception contributes to the long-term interests and sustainability of the company.***	
The policy shall indicate the main terms of the contracts of directors, including its duration and the applicable notice periods and payments linked to termination of contracts.	The policy shall indicate the ~~main terms~~**duration** of the ~~contracts of~~**arrangements with** directors~~, including its duration~~ and the applicable notice periods**, the main characteristics of supplementary pension or early retirement schemes** and **the terms of the termination and** payments linked to termination ~~of contracts~~.	The policy shall indicate the main terms of the contracts of directors, including its duration and the applicable notice periods and ***terms of termination and*** payments linked to termination of contracts ***and the characteristics of supplementary pension or early retirement schemes***. ***Where national law allows companies to have arrangements with directors***	

		without a contract, the policy shall in that case indicate the main terms of the arrangements with directors, including their duration and the applicable notice periods and terms of termination and payments linked to termination and the characteristics of supplementary pension or early retirement schemes.	
The policy shall explain the decision-making process leading to its determination. Where the policy is revised, it shall include an explanation of all significant changes and how it takes into account the views of shareholders on the policy and report in the previous years.	The policy shall explain the decision-making process ~~leading to~~**followed for** its determination~~.~~**, review and implementation, including, where applicable, the role of the committees concerned.** Where the policy is revised, it shall ~~include an explanation of~~**describe and explain** all significant changes and how it takes into account the views of shareholders on the policy and ~~report in the previous years.~~ **reports since the last vote on the remuneration policy by the general meeting of shareholders.**	***The policy shall specify the company's procedures for the determination of the remuneration of directors, including the role and functioning of the remuneration committee.*** The policy shall explain the ***specific*** decision-making process leading to its determination. Where the policy is revised, it shall include an explanation of all significant changes and how it takes into account the ***votes and*** views of shareholders on the policy and report in ***at least*** the previous ***three consecutive*** years.	

4. Member States shall ensure that after approval by the shareholders the policy is made public without delay and available on the company's website at least as long as it is applicable.	4. Member States shall ensure that after ~~approval~~ **the vote on the remuneration policy** by the ~~shareholders~~**general meeting** the policy is ~~made public~~**published with the date and the results of the vote** without delay and ~~available~~**is kept** on the company's website at least as long as it is applicable.	4. Member States shall ensure that after approval by the shareholders the policy is made public without delay and available***, free of charge,*** on the company's website at least as long as it is applicable.	
Article 9b ***Information to be provided in the remuneration report and right to vote on the remuneration report*** 1. Member States shall ensure that the company draws up a clear and understandable remuneration report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, granted to individual directors, including to newly recruited and former directors, in the last financial year. It shall, where applicable, contain all of the following elements:	*Article 9b* ***Information to be provided in the remuneration report and right to vote on the remuneration report*** 1. Member States shall ensure that the company draws up a clear and understandable remuneration report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, ~~granted~~**awarded or due over the last financial year** to individual directors, including to newly recruited and **to** former directors~~, in the last financial year. It shall,~~**.** Where applicable, **the remuneration report shall** contain ~~all of~~ the following ~~elements~~**information**:	Article 9b Information to be provided in the remuneration report and right to vote on the remuneration report 1. Member States shall ensure that the company draws up a clear and understandable remuneration report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, granted***, in accordance with the remuneration policy referred to in Article 9a,*** to individual directors, including to newly recruited and former directors, in the last financial year. It shall, where applicable, contain all of the following elements:	

(a) the total remuneration awarded ***or*** paid split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration is linked to long-term performance and information on how the performance criteria where applied;	(a) the total remuneration ~~awarded or paid~~ split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration ~~is linked to long-term performance~~**complies with the adopted remuneration policy** and information on how ~~the~~**its** performance criteria where applied;	(a) the total remuneration awarded**,** paid ***or due*** split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration is linked to long-term performance and information on how the ***financial and non-financial*** performance criteria where applied;	
(b) the relative change of the remuneration of directors over the last three financial years, its relation to the development of the ***value*** of the company and to change in the average remuneration of ***full time*** employees ***of the company other than directors***;	(b) the ~~relative~~**annual** change of the remuneration of directors over **at least** the last ~~three~~**five** financial years, ~~its relation to~~ the ~~development~~**evolution** of the ~~value~~**performance** of the company and ~~to change in~~**of** the average remuneration of full time employees of the company other than directors~~;~~ **during that period, presented together in a manner which permits comparison;**	(b) the relative change of the remuneration of ***executive*** directors over the last three financial years, its relation to the development of the ***general performance*** of the company and to change in the average remuneration of employees ***over the same period***;	
(c) any remuneration received ***by*** directors of the company from any undertaking belonging to the same group;	(c) any remuneration ~~received by~~**awarded or due to** directors of the company from any undertaking belonging to the same group **as defined in point (11) of Article 2 of Directive 2013/34/EU**;	(c) any remuneration received ***or due to*** directors of the company from any undertaking belonging to the same group;	

(d) the number of shares and share options granted or offered, and the main conditions for the exercise of the rights including the exercise price and date and any change thereof;	(d) the number of shares and share options granted or offered, and the main conditions for the exercise of the rights including the exercise price and date and any change thereof;	(d) the number of shares and share options granted or offered, and the main conditions for the exercise of the rights including the exercise price and date and any change thereof;	
(e) information on the use of the possibility to reclaim variable remuneration;	(e) information on the use of the possibility to reclaim variable remuneration;	(e) information on the use of the possibility to reclaim variable remuneration;	
(f) information on how the remuneration of directors was established, including on the role of the remuneration committee.	~~(f) information on how the remuneration of directors was established, including on the role of the remuneration committee.~~	(f) information on how the remuneration of directors was established, including on the role of the remuneration committee.	
2. Member States shall ensure that the right to privacy of natural persons is protected in accordance with Directive 95/46/EC when personal data of the director are processed.	2. Member States shall ensure that **companies do not include in** the ~~right to privacy~~**remuneration report special categories** of ~~natural persons is~~ **personal data of individual directors which are** protected ~~in accordance with~~**under Article 8 of** Directive 95/46/EC ~~when~~**or** personal data ~~of~~**which refer to** the **family situation of an individual** director ~~are processed.~~**.**	2. Member States shall ensure that the right to privacy of natural persons is protected in accordance with Directive 95/46/EC when personal data of the director are processed.	

	2a. Without prejudice to paragraph 2b of this Article and to any longer period laid down by EU sectorial legislation, Member States shall ensure that companies no longer make publicly available the remuneration report or personal data of directors included in the remuneration report in accordance with this Article after 10 years from the publication of the remuneration report. Member States shall ensure that at the end of this period, and during an additional period of 5 years, companies disclose the remuneration report or those data only to shareholders upon request. **2b. Data regarding directors' remuneration included in the remuneration report shall be processed under this Article for the purposes of increasing transparency and directors' accountability and of further facilitating the exercise of shareholders' rights. Member States may allow further processing of such data for other purposes than this initial purpose provided that those data are not further processed in a way incompatible**		

	with this initial purpose or that the further processing has a legal basis at least in one of the grounds referred to in Article 7 of Directive 95/46/EC. **Member States shall ensure that the requirements laid down by EU law regarding the protection of personal data are complied with.** **2c. Member States shall ensure that directors are duly informed by the company that the information regarding their remuneration may be processed in accordance with this Article. If Member States allow further processing for other purposes than the initial purpose, in accordance with paragraph 2b of this Article, they shall ensure that directors are duly informed on those other purposes.**		
3. Member States shall ensure that shareholders have the right to vote on the remuneration report of the past financial year during the annual general meeting. Where the shareholders vote against the remuneration report the company shall explain in the next remuneration report whether or not and, if so, how, the vote of the shareholders has been taken	3. Member States shall ensure that ~~shareholders have~~ **the annual general meeting has** the right to **hold an advisory** vote on the remuneration report of the past financial year ~~during the annual general meeting. Where the shareholders vote against the remuneration report~~**.** The company shall explain in the next remuneration report ~~whether or not and, if so,~~ how~~,~~ the vote ~~of~~**by** the ~~shareholders~~**general**	3. Member States shall ensure that shareholders have the right to ***hold an advisory*** vote on the remuneration report of the past financial year during the annual general meeting. Where the shareholders vote against the remuneration report the company shall***, where necessary, enter into a dialogue with the shareholders in order to identify the reasons for the***	

into account.	**meeting** has been taken into account.	***rejection. The company shall*** explain in the next remuneration report how the vote of the shareholders has been taken into account.	
	However, for companies that had an average market capitalisation of less than EUR 200 000 000 on the basis of end-year quotes for the previous three calendar years, Member States may provide, as an alternative to the vote, that the remuneration report of the last financial year is submitted for discussion in the annual general meeting as a separate item of the agenda. The company shall explain in the next remuneration report how the discussion in the general meeting has been taken into account.		
	3a. Member States shall ensure that after the annual general meeting the remuneration report is published without delay on the company's website. The statutory auditor or audit firm shall check that the information required by this Article has been provided.		

	Member States shall ensure that the directors of the company, acting within the competences assigned to them by national law, have collective responsibility for ensuring that the remuneration report is drawn up and published in accordance with the requirements of this Directive. Member States shall ensure that their laws, regulations and administrative provisions on liability, at least towards the company, apply to the directors of the company for breach of the duties referred to in this paragraph.	***3a. The provisions on remuneration in this Article and in Article 9a shall be without prejudice to national systems of wage formation for employees and, where applicable, to national provisions on the representation of employees on boards.***	

4. The Commission shall be empowered to adopt ***implementing*** acts to specify the standardised presentation of the information laid down in paragraph 1 of this Article. ***Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a (2).***	4. **In order to ensure consistent harmonisation in relation to this Article,** the Commission shall ~~be empowered to~~ adopt ~~implementing acts~~**non-binding guidelines** to specify the standardised presentation of the information laid down in paragraph 1 of this Article. ~~Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14a (2).~~	4. ***To ensure uniform application of this Article,*** the Commission shall be empowered to adopt ***delegated*** acts ***in accordance with Article 14a*** to specify the standardised presentation of the information laid down in paragraph 1 of this Article.	
Article 9c ***Right to vote on related party transactions***	*Article 9c* ~~**Right to vote on**~~***Transparency and approval of related party transactions***	Article 9c Right to vote on related party transactions	
1. Member States shall ensure that companies, in case of transactions with related parties ***that represent more than 1% of their assets,*** publicly announce such transactions at the time of the conclusion of the transaction, and accompany the announcement by a report ***from an independent third party*** assessing whether or not it is on market terms and confirming that the transaction is fair and reasonable from the perspective of the ***shareholders***, including minority shareholders. The	1. Member States shall ensure that companies~~, in case of~~ **publicly announce material** transactions with related parties ~~that represent more than 1% of their assets, publicly announce such transactions~~**at the latest** at the time of the conclusion of the transaction~~, and accompany the announcement by a report from an independent third party assessing whether or not it is on market terms and confirming that the transaction is fair and reasonable from the perspective of the shareholders, including minority shareholders.~~**.** The announcement shall contain **at least**	1. Member States shall ensure that companies, in case of ***material*** transactions with related parties, publicly announce such transactions ***at the latest*** at the time of the conclusion of the transaction, and accompany the announcement by a report assessing whether or not it is on market terms and confirming that the transaction is fair and reasonable from the perspective of the ***company,*** including minority shareholders, ***and providing an explanation of the evaluations the assessment is based on***. The announcement shall contain	

announcement shall contain information on the nature of the related party relationship, the name of the related party, the amount of the transaction and any other information necessary to assess the transaction.	information on the nature of the related party relationship, the name of the related party, the ~~amount~~**date and the value** of the transaction and ~~any~~ other information necessary to assess ~~the transaction.~~**whether or not the transaction is fair and reasonable from the perspective of the shareholders who are not related party, including minority shareholders.**	information on the nature of the related party relationship, the name of the related party, the amount of the transaction and any other information necessary to assess the ***economic fairness of the*** transaction ***from the perspective of the company, including minority shareholders***.	
Member States may provide that companies can request their shareholders to exempt them from the requirement of subparagraph 1 to accompany the announcement of the transaction with a related party by a report from an independent third party in case of clearly defined types of recurrent transactions with an identified related party in a period of not longer than 12 months after granting the exemption. Where the related party transactions involve a shareholder, this shareholder shall be excluded from the vote on the advance exemption.	~~Member States may provide that companies can request their shareholders to exempt them from the requirement of subparagraph 1 to accompany the announcement of the transaction with a related party by a report from an independent third party in case of clearly defined types of recurrent transactions with an identified related party in a period of not longer than 12 months after granting the exemption. Where the related party transactions involve a shareholder, this shareholder shall be excluded from the vote on the advance exemption.~~	***Members States shall define specific rules with regard to the report to be adopted in accordance with the first subparagraph, including the actor responsible for providing the reports, which shall be one of the following:***	

		– an independent third party;	
		– the supervisory body of the company; or ***– a committee of independent directors***	
	1a. Member States may provide that the announcement published according to paragraph 1 is accompanied by a report assessing whether or not the transaction is fair and reasonable from the perspective of the shareholders who are not related party, including minority shareholders and explaining the assumptions it is based upon together with the methods used. **This report shall be produced by:** **(-a) an independent third party or;**		
	(a) the administrative or the supervisory body of the company or; **(b) the audit committee or any committee the majority of which is composed of independent directors;**		

	provided that the related parties are excluded from the preparation of the report.		
2. Member States shall ensure that transactions with related parties ***representing more than 5% of the companies' assets or transactions which can have a significant impact on profits or turnover*** are ***submitted to a vote*** by the shareholders ***in a general meeting. Where the related party transaction involves a shareholder, this shareholder shall be excluded from that vote. The company shall not conclude the transaction before the shareholders' approval of the transaction. The company may however conclude the transaction under the condition of shareholder approval.***	2. Member States shall ensure that **material** transactions with related parties ~~representing more than 5% of the companies' assets or transactions which can have a significant impact on profits or turnover~~ are ~~submitted to a vote~~**approved** by the ~~shareholders in a~~ general meeting~~. Where the~~ **or by the administrative or supervisory body of the company according to procedures which prevent a** related party ~~transaction involves a shareholder, this shareholder shall be excluded~~ from ~~that vote. The company shall not conclude~~**taking advantage of its position and provide adequate protection for** the ~~transaction before the shareholders' approval of the transaction. The company may however conclude the transaction under the condition~~**interests** of ~~shareholder approval~~**shareholders who are not related party, including minority shareholders**.	2. Member States shall ensure that ***material*** transactions with related parties ***are approved*** by the shareholders ***or by the administrative or supervisory body of the companies, in accordance with procedures which prevent a related party from taking advantage of its position and provide adequate protection for the interests of the company and of shareholders which are not related parties, including minority shareholders.***	

Member States may provide that companies can request the advance approval by shareholders of the transactions referred to in subparagraph 1 in case of clearly defined types of recurrent transactions with an identified related party in a period of not longer than 12 months after the advance approval of the transactions. Where the related party transactions involve a shareholder, this shareholder shall be excluded from the vote on the advance approval.	Member States may provide that ~~companies can request~~ the ~~advance approval by shareholders of~~**general meeting has** the ~~transactions referred~~**right** to ~~in subparagraph 1 in case of clearly defined types of recurrent~~**vote on material** transactions with ~~an identified~~ related ~~party in a period of not longer than 12 months after~~ **parties which have been approved by** the ~~advance approval~~**administrative or supervisory body** of the ~~transactions. Where the related party transactions involve a shareholder, this shareholder shall be excluded from the vote on the advance approval~~**company**. **Where the related party transaction involves a director or a shareholder, this director or shareholder shall be excluded from the vote.**	***Member States may provide that shareholders have the right to vote on material transactions approved by the administrative or supervisory body of the company.*** ***The intention is to prevent related parties from gaining an advantage from a special position and to provide proper protection for the company's interest.***	

	Member States may allow the shareholder who is a related party to take part in the vote provided that national law ensures appropriate safeguards which apply before or during the voting process to protect the interests of shareholders who are not related party, including minority shareholders, by preventing the related-party from approving the transaction despite the opposing opinion of the majority of shareholders who are not related parties or despite the opposing opinion of the majority of the independent directors. **2a. Paragraphs 1, 1a and 2 shall not apply to transactions entered into in the ordinary course of business and concluded on normal market terms. The administrative or supervisory body of the company shall establish an internal procedure to periodically assess whether these conditions are fulfilled. The related parties shall be excluded from this assessment.**		

	<u>However, Member States may provide that companies apply the requirements in paragraphs 1, 1a or 2 to transactions entered into in the ordinary course of business and concluded on normal market terms.</u>		
		2a. Member States shall ensure that related parties and their representatives are excluded from the preparation of the report referred to in paragraph 1 and from the votes and decisions that take place in accordance with paragraph 2. Where the related party transaction involves a shareholder, this shareholder shall be excluded from any vote regarding the transaction. Member States may allow the shareholder who is a related party to take part in the vote provided that national law ensures adequate safeguards which apply during the voting process to protect the interests of shareholders who are not related parties, including minority shareholders, by preventing the related-party from approving the transaction despite the opposing opinion of the majority of shareholders which are	

		not related parties or despite the opposing opinion of the majority of the independent directors.	
3. Transactions with the same related party that have been concluded ***during the previous*** 12 months period and have not been ***approved by shareholders shall be*** aggregated for the purposes of application of ***paragraph 2. If the value of these aggregated transactions exceeds 5% of the assets, the transaction by which this threshold is exceeded and any subsequent transactions with the same related party shall be submitted to a shareholder vote and may only be unconditionally concluded after shareholder approval.***	~~3. Transactions with the same related party that have been concluded during the previous 12 months period and have not been approved by shareholders shall be aggregated for the purposes of application of paragraph 2. If the value of these aggregated transactions exceeds 5% of the assets, the transaction by which this threshold is exceeded and any subsequent transactions with the same related party shall be submitted to a shareholder vote and may only be unconditionally concluded after shareholder approval.~~	3. ***Member States shall ensure that*** transactions with the same related party that have been concluded ***in any*** 12 months period ***or in the same financial year*** and have not been ***subject to the obligations listed in paragraphs 1, 2 and 3 are*** aggregated for the purposes of application of ***those paragraphs***.	
4. Member States may exclude ***transactions entered into between the company and one or more members of its group*** from the requirements in paragraphs 1, 2 and 3, ***provided that those members of the group are wholly owned by the company***.	4. Member States may exclude ~~transactions entered into between the company and one~~ or ~~more members of its group~~**may allow companies to exclude** from the requirements in paragraphs 1, **1a and** 2~~ and 3, provided that those members of the group are wholly owned by the company.~~**:**	4. Member States may exclude ***from the requirements in paragraphs 1, 2 and 3:***	

	(a) [deleted]	– transactions entered into between the company and one or more members of its group ***or joint ventures,*** provided that those members of the group or joint ventures are wholly owned by the company ***or that no other related party of the company has an interest in those members or in the joint ventures***;	
	(b) transactions entered into between the company and its subsidiaries provided that they are wholly owned or that no other related party of the company has an interest in the subsidiary undertaking or that national law provides for adequate protection of interests of shareholders who are not related party, including minority shareholders in such transactions;	***– transactions entered into in the ordinary course of business and concluded on normal market terms.***	
	(c) clearly defined types of transactions for which national law requires approval by the general meeting , provided that fair treatment of all shareholders and the interests of shareholders who are not related-party, including		

	minority shareholders are specifically addressed and adequately protected in such provisions of law; **(d) transactions regarding remuneration of directors, or certain elements of remuneration of directors, awarded or due in accordance with the requirements of Articles 9a.** **(e) transactions entered into by credit institutions on the basis of measures, aiming at safeguarding their stability, adopted by the competent authority in charge of the prudential supervision within the meaning of European legislation;**		
	(f) ; **(g) transactions offered to all shareholders on the same terms where equal treatment of all shareholders is ensured.** **5. Member States shall ensure that companies publicly announce material transactions concluded between the related party of the company and that company's subsidiary. Member States may also provide that the announcement is accompanied by a report assessing whether or not the transaction is**		

	fair and reasonable from the perspective of the shareholders who are not related party, including minority shareholders and explaining the assumptions it is based upon together with the methods used. The exemptions provided in paragraph 2a and 4 shall also apply to the transactions specified in this paragraph.		
	6. For the purposes of this Article material transactions are defined by Member States taking into account:	***4a. Member States shall define material transactions with related parties. Material transactions with related parties shall be defined taking into account:***	
	(a) the influence that the information about the transaction may have on the economic decisions of shareholders of the company;	***(a) the influence that the information about the transaction may have on the decisions of the subjects involved in the approval process;***	
		(b) the impact of the transaction on the company's results, assets, capitalisation or turnover and the position of the related party;	
	(b) the risk that the transaction creates for the company and its shareholders who are not related party, including minority shareholders.	***(c) the risks that the transaction creates for the company and its minority shareholders.***	

	When defining material transactions Member States shall set one or more quantitative ratios based on the impact of the transaction on the financial position, revenues, assets, capitalisation or turnover of the company or take into account the nature of transaction and the position of the related party. Member States may adopt materiality definitions for the application of paragraphs 1 and 1a different from those for the application of paragraph 2 and may differentiate the definitions according to the company size. **7. Member States shall ensure that transactions with the same related party that have been concluded in any 12 months period or in the same financial year and have not been subject to the obligations listed in paragraphs 1, 1a or 2 are aggregated for the purposes of those paragraphs.**	***When defining material transactions with related parties, Member States may set one or more quantitative ratios based on the impact of the transaction on the revenues, assets, capitalization or turnover of the company or take into account the nature of the transaction and the position of the related party."***	

(5) After Article 14, the following Chapter IIa is inserted: **"Chapter IIa implementing acts and penalties**	**8. This Article is without prejudice to the rules on public disclosure of inside information defined in Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council.** (5) After Article 14, the following Chapter IIa is inserted: **"Chapter IIa Implementing acts and penalties**	(5) After Article 14, the following Chapter IIa is inserted: "CHAPTER IIA ***DELEGATED*** ACTS AND PENALTIES	
Article 14a ***Committee procedure*** ***1. The Commission shall be assisted by the European Securities Committee established by Commission Decision 2001/528/EC. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.***	*Article 14a* ***Committee procedure*** 1. The Commission shall be assisted by the European Securities Committee established by Commission Decision 2001/528/EC. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.	Article 14a ***Exercise of delegated powers*** 1. ***The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article***.	
2. Were reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.	2. Were reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.	***2. The power to adopt delegated acts referred to in Articles 3a(5), 3b(5), and 3c(3) and Article 9b shall be conferred on the Commission for an indeterminate period of time from ...*.***	

		3. The delegation of power referred to in Articles 3a(5), 3b(5), and 3c(3) and Articles 9b may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of that decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	
		4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	
		5. A delegated act adopted pursuant to Articles 3a(5), 3b(5) and 3c(3) and Article 9b shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and the	

		Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or the Council.	
Article 14b ***Penalties***	*Article 14b* ***Measures and penalties***	Article 14b Penalties	
Member States shall lay down the rules on penalties applicable to infringements of the national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate and dissuasive. Member States shall notify those provisions to the Commission by [[date for transposition ***at the latest*** and shall notify it without delay of any subsequent amendment affecting them."	Member States shall lay down the rules on **measures and** penalties applicable to infringements of the national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. ~~The penalties provided for must be effective, proportionate and dissuasive. Member States shall notify those provisions to the Commission by [[date for transposition at the latest and shall notify it without delay of any subsequent amendment affecting them."~~	Member States shall lay down the rules on penalties applicable to infringements of the national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate and dissuasive. Member States shall notify those provisions to the Commission ***at the latest*** by [date for transposition] and shall notify it without delay of any subsequent amendment affecting them."	

	The measures and penalties provided for must be effective, proportionate and dissuasive. Member States shall notify those provisions to the Commission by [date for transposition] at the latest and shall notify it without delay of any subsequent amendment affecting them."		
Article 2 **Amendments to Directive No 2013/34/EU**	~~Article 2~~ ~~*Amendments to Directive No 2013/34/EU*~~	Article 2 Amendments to Directive 2013/34/EU	
		Directive 2013/34/EU is amended as follows: ***(-1) In Article 2, the following point is added:***	
		"(17) 'tax ruling' means any advance interpretation or application of a legal provision for a cross-border situation or transaction of a company which might lead to a loss of tax in Member States or which might lead to tax savings for the company resulting from artificial intra-group transfers of profits."	

		(-1a) In Article 18, the following paragraph is inserted after paragraph 2:	
		"2a. In the notes to the financial statements large undertakings and public-interest entities shall also disclose, specifying by Member State and by third country in which they have an establishment, the following information on a consolidated basis for the financial year:	
		(a) name(s), nature of activities and geographical location; ***(b) turnover;***	
		(c) number of employees on a full time equivalent basis; ***(d) value of assets and annual cost of maintaining those assets;***	
		(e) sales and purchases;	
		(f) profit or loss before tax; ***(g) tax on profit or loss;***	
		(h) public subsidies received;	
		(i) parent companies shall provide a list of subsidiaries operating in each Member State or third country alongside the relevant data."	

		(-1b) In Article 18, paragraph 3 is replaced by the following:	
		"3. Member States may provide that point (b) of paragraph 1 and paragraph 2a are not to apply to the annual financial statements of an undertaking where that undertaking is included within the consolidated financial statements required to be drawn up under Article 22, provided that that information is given in the notes to the consolidated financial statement." ***(-1c) The following article is inserted:***	
		"Article 18a ***Additional disclosure for large undertakings***	
		1. In the notes to the financial statements, large undertakings shall, in addition to the information required under Articles 16, 17, 18 and any other provisions of this Directive, publicly disclose essential elements of and information regarding tax rulings, providing a break-down by Member State and by third country in which the large undertaking in question has a	

		subsidiary. The Commission shall be empowered to set out, by means of delegated act in accordance with Article 49, the format and content of publication.	
		2. Undertakings of which the average number of employees on a consolidated basis during the financial year does not exceed 500 and which, on their balance sheet dates, have on a consolidated basis either a balance sheet which does not exceed a total of 86 million euros or a net turnover which does not exceeds 100 million euros shall be exempt from the obligation set out in paragraph 1 of this Article.	
		3. The obligation set out in paragraph 1 of this Article shall not apply to any undertaking governed by the law of a Member State whose parent undertaking is subject to the laws of a Member State and the information of which is included in the information disclosed by that parent undertaking in accordance with paragraph 1 of this Article.	

		4. The information referred to in paragraph 1 shall be audited in accordance with Directive 2006/43/EC."	
Article 20 of Directive 2013/34/EU is amended as follows:	~~Article 20 of Directive 2013/34/EU is amended as follows:~~	***(1)*** Article 20 is amended as follows:	
(a) In paragraph 1, the following point (h) is added: "(h) the remuneration report ***referred to*** in Article 9b of Directive 2007/36/EC." (b) paragraph 3 is replaced by the following:	~~(a) In paragraph 1, the following point (h) is added:~~ ~~"(h) the remuneration report referred to in Article 9b of Directive 2007/36/EC."~~ ~~(b) paragraph 3 is replaced by the following:~~	(a) in paragraph 1, the following point (h) is added: "(h) the remuneration report ***defined*** in Article 9b of Directive 2007/36/EC." (b) paragraph 3 is replaced by the following:	
"3. The statutory auditor or audit firm shall express an opinion in accordance with the second subparagraph of Article 34(1) regarding information prepared under points (c) and (d) of paragraph 1 of this Article and shall check that the information referred to in points (a), (b), (e), (f), (g) and (h) of paragraph 1 of this Article has been provided."	~~"3. The statutory auditor or audit firm shall express an opinion in accordance with the second subparagraph of Article 34(1) regarding information prepared under points (c) and (d) of paragraph 1 of this Article and shall check that the information referred to in points (a), (b), (e), (f), (g) and (h) of paragraph 1 of this Article has been provided."~~	"3. The statutory auditor or audit firm shall express an opinion in accordance with the second subparagraph of Article 34(1) regarding information prepared under points (c) and (d) of paragraph 1 of this Article and shall check that the information referred to in points (a), (b), (e), (f), (g) and (h) of paragraph 1 of this Article has been provided."	

(c) paragraph 3 is replaced by the following:	~~(c) paragraph 3 is replaced by the following:~~	(c) ***paragraph 4 is replaced by the following:***	
"4. Member States may exempt undertakings referred to in paragraph 1 which have only issued securities other than shares admitted to trading on a regulated market, within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC, from the application of points (a), (b), (e), (f), (g) and (h) of paragraph 1 of this Article, unless such undertakings have issued shares which are traded in a multilateral trading facility, within the meaning of point (15) of Article 4(1) of Directive 2004/39/EC."	~~"4. Member States may exempt undertakings referred to in paragraph 1 which have only issued securities other than shares admitted to trading on a regulated market, within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC, from the application of points (a), (b), (e), (f), (g) and (h) of paragraph 1 of this Article, unless such undertakings have issued shares which are traded in a multilateral trading facility, within the meaning of point (15) of Article 4(1) of Directive 2004/39/EC."~~	"4. Member States may exempt undertakings referred to in paragraph 1 which have only issued securities other than shares admitted to trading on a regulated market, within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC, from the application of points (a), (b), (e), (f), (g) and (h) of paragraph 1 of this Article, unless such undertakings have issued shares which are traded in a multilateral trading facility, within the meaning of point (15) of Article 4(1) of Directive 2004/39/EC."	
		Article 2a ***Amendments to Directive 2004/109/EC***	
		Directive 2004/109/EC of the European Parliament and of the Council is amended as follows:	

		(1) In paragraph 1 of Article 2, the following point is added:	
		"(r) 'tax ruling' means any advance interpretation or application of a legal provision for a cross-border situation or transaction of a company which might lead to a loss of tax in Member States or which might lead to tax savings for the company resulting from artificial intra-group transfers of profits.".	
		(2) The following articles are inserted: ***"Article 16a*** ***Additional disclosure for issuers***	
		1. Member States shall require each issuer to annually publicly disclose, specifying by Member State and by third country in which it has a subsidiary, the following information on a consolidated basis for the financial year :	
		(a) name(s), nature of activities and geographical location ***(b) turnover***	

		(c) number of employees on a full-time equivalent basis	
		(d) profit or loss before tax ***(e) tax on profit or loss***	
		(f) public subsidies received ***2. The obligation set out in paragraph 1 shall not apply to any issuer governed by the law of a Member State whose parent company is subject to the laws of a Member State and of which the information is included in the information disclosed by that parent company in accordance with paragraph 1.***	
		3. The information referred to in paragraph 1 shall be audited in accordance with Directive 2006/43/EC and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the issuer concerned.	

		Article 16b ***Additional disclosure for issuers***	
		1. Member States shall require each issuer to publicly disclose annually, on a consolidated basis for the financial year, essential elements of and information regarding tax rulings, providing a break-down by Member State and by third country in which it has a subsidiary. The Commission shall be empowered to set out, by means of delegated acts in accordance with Article 27(2a), (2b) and (2c), the format and content of publication. ***2. The obligation set out in paragraph 1 of this Article shall not apply to any issuer governed by the law of a Member State whose parent company is subject to the laws of a Member State and whose information is included in the information disclosed by that parent company in accordance with paragraph 1 of this article.***	

		3. The information referred to in paragraph 1 shall be audited in accordance with Directive 2006/43/EC and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the issuer concerned."	
		(3) In Article 27, paragraph 2a is replaced by the following:	
		"2a. The power to adopt the delegated acts referred to in Article 2(3), Article 5(6), Article 9(7), Article 12(8), Article 13(2), Article 14(2), Article 16a(1), Article 17(4), Article 18(5), Article 19(4), Article 21(4), Article 23(4), Article 23(5) and Article 23(7) shall be conferred on the Commission for a period of 4 years from January 2011. The Commission shall draw up a report in respect of delegated power at the latest 6 months before the end of the four-year period. The delegation of power shall be automatically extended for periods of an identical duration, unless the	

		European Parliament or the Council revokes it in accordance with Article 27a."	
Article 3 ***Transposition***	*Article 3* ***Transposition***	Article 3 Transposition	
1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [18 months after entry into force] ***at the latest***. They shall forthwith communicate to the Commission the text of those provisions.	1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [~~18~~**24** months after entry into force] at the latest. They shall forthwith communicate to the Commission the text of those provisions.	1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive ***at the latest*** by [18 months after entry into force] . They shall forthwith communicate to the Commission the text of those provisions.	
When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	

	Notwithstanding paragraph 1, Member States shall, not later than [24 months] after the adoption of the implementing acts referred to in Articles 3a (5), 3b (5) and 3c (3) of the Directive 2007/36/EC, bring into force the laws, regulations and administrative provisions necessary to comply with Article 3a, 3b and 3c of Directive 2007/36/EC.		
2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	
Article 4 ***Entry into force***	*Article 4* ***Entry into force***	Article 4 Entry into force	
This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.	This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.	This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.	

Article 5 ***Addressees***	*Article 5* ***Addressees***	Article 5 Addressees	
This Directive is addressed to the Member States. Done at Brussels, *For the European Parliament* *For the Council*	This Directive is addressed to the Member States. Done at Brussels, *For the European Parliament* *For the Council*	This Directive is addressed to the Member States. Done at Brussels, *For the European Parliament* *For the Council*	
The President *The President*	*The President* *The President*	*The President* *The President*	