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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Draft Directive of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ( <b>First reading</b> ) - Adoption of the legislative act = Statements

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**Statement by the Polish, German, Danish and Luxembourg delegations**

The Polish, German, Danish and Luxembourg delegations take note of the conclusion of the agreement in the first reading between the European Parliament and the Council on a *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 commend successive Council presidencies for their efforts aimed at achieving a balanced compromise on the proposal.

In line with the positions presented during the work on the proposal, the Polish, German, Danish and Luxembourg delegations interpret the provision of Article 3f paragraph 1 point a) of a *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* on the content of the policy of shareholder engagement as allowing institutional investors and assets managers to formulate the engagement policy in a way that they may choose the matters on which they monitor the investee companies and that they are not obliged to address in the engagement policy specifically each of the matters referred to in Article 3f paragraph 1 point a) of the proposal.

In the opinion of our delegations, the agreed text of the third sentence of recital 11 of the abovementioned proposal, which states: “*The policy on shareholder engagement should describe how institutional investors and asset managers integrate shareholder engagement in their investment strategy and which different engagement activities they choose to carry out and how they do it.*”, confirms the correctness of this interpretation.

### **Statement by the Luxembourg delegation**

Luxembourg fully supports the objective of the Directive of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement to encourage the long-term engagement of the shareholders and to enhance transparency of institutional investors and asset managers. At the same time, as stated in the recitals, the Directive should be without prejudice to the provisions laid down in sectoral EU legislation regulating specific types of listed companies or specific types of entities, such as credit institutions, investments firms, asset managers, insurance companies and pension funds.

Consequently, it is the understanding of Luxembourg that with regard to articles 3g and 3h of the Directive where assets of an institutional investor are not managed on an individual basis but pooled together with assets of other investors and managed via a collective investment undertaking, the sectoral legislation applicable to collective asset management should prevail over the Directive to the extent that the requirements provided by the Directive contradict the requirements laid down in sectoral EU legislation. For example, the Directive should be without prejudice to the provisions governing the diversification of the portfolio of collective investment undertakings and the prohibition to acquire any shares carrying voting rights which would enable collective asset managers to exercise significant influence over the management of an issuing body.