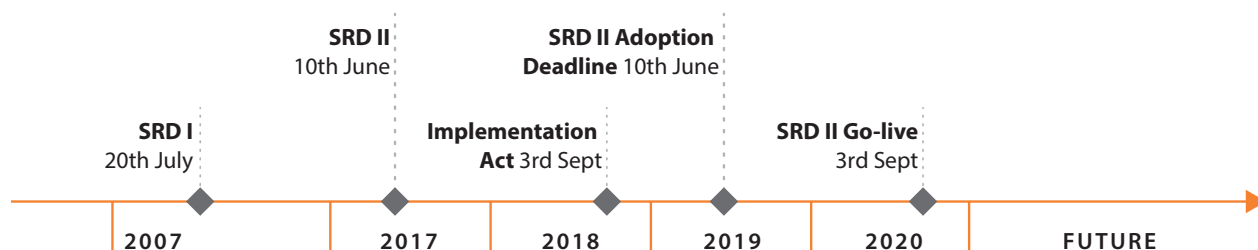


# Shareholder Rights Directive II (SRD II)

## Compliance with Directive 2017/828 and Implementing Regulation 2018/1212

Shareholder Rights Directive entered into force in 2007 and adopted into European Union Member States' national law in 2009. It was significantly revised in 2017 by SRD II which is currently following the same adoption process to be completed in September 2020.

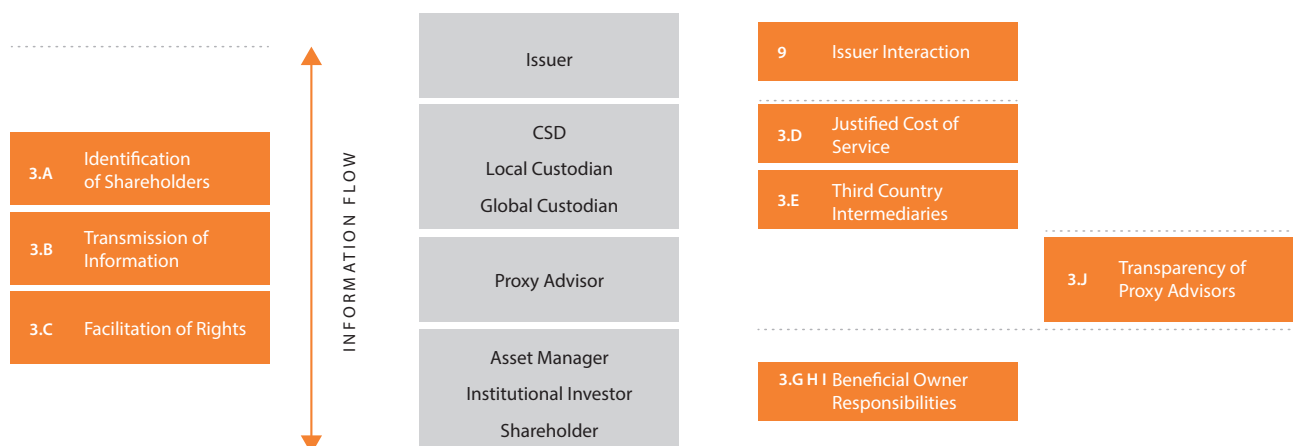
Upon each of the 27 EU member states transposing the second directive into local law, all equities listed on the associated regulated markets will be in-scope of SRD II requirements. Each jurisdiction will apply penalties and fines for breaches. This will govern participants in the shareholder value chain covering institutional investors, asset managers, proxy advisors and intermediaries.



### SRD II Requirements

SRD II is a fundamental amendment, aimed at bolstering the European sustainability objectives. Shareholder engagement will be strengthened by timely, machine readable notification and electronic facilitation of rights. Transparency for issuers will be promoted by disclosure of shareholders and additional detail on investor decision

making. Governance of intermediaries through cost justification and transparency into operating procedures will increase integrity across the information flow. This will create a global compliance challenge with all Corporate Actions and Proxy teams with processing responsibilities for in-scope holdings.



## How can SmartStream help?

The role of shareholder voting is now central to the investor communications chain. SmartStream understands that shareholder voting needs to be fast, accurate and transparent across the shareholder communication value chain.

SmartStream's TLM® Corporate Actions solution meets the SRD II requirements by delivering automation and proactive controls to support intermediaries and its participants with the following capabilities.

Requirements		TLM Corporate Actions Capabilities
9	<b>Issuer Interaction</b>	<b>Process all Corporate Actions and Meeting Events in accordance with ISO, SMPG/NMPG, market and provider conditions</b>
3.A	<b>Identification of Shareholders</b>	<b>Receives, responds, and passes disclosure requests within the reporting period</b> <ul style="list-style-type: none"> <li>▪ Stacking – ordering five disclosure message types</li> <li>▪ Position Management – current and entitled positions automatically identified within the position threshold and reconciled</li> <li>▪ Account Structure – Information presented and/or passed for disclosure</li> <li>▪ Communications – validates and processes disclosure flow</li> </ul>
3.B	<b>Transmission of Information</b>	<b>Management of notifications through the Corporate Actions chain</b> <ul style="list-style-type: none"> <li>▪ Golden Record – Creates all data points to automate downstream processing for any announcement source, event, country, market and account</li> <li>▪ Real-time automated generation of event master announcements upon event creation to be triggered on data and time conditions</li> </ul>
3.C	<b>Facilitation of Rights</b>	<b>Processing of voting and election rights of beneficial owners</b> <ul style="list-style-type: none"> <li>▪ Election/Voting Management – present event, option, movement and resolution details for decision makers in accordance with market rules via a online Portal or integrated with other technology via an API</li> <li>▪ Communications – Deposit, confirmation and reconciliation via 15022/20022 messages via SWIFT, SFTP, email, fax and letter</li> </ul>
3.D	<b>Justified Cost of Service</b>	<b>Governance of the complete lifecycle and achieve STP</b> <ul style="list-style-type: none"> <li>▪ Processing - Intermediaries can process the full lifecycle of a Corporate Action and Proxy Voting event within a single system to achieve automation and proactive control</li> </ul>
3.E	<b>Third Country Intermediaries</b>	<b>Manage the Corporate Actions network</b> <ul style="list-style-type: none"> <li>▪ Processing – Visibility across the full event lifecycle ensures intermediaries and shareholders have met all of their operational obligations</li> <li>▪ Implementation of national level divergence to the directive in areas such as share blocking, record dates rules, power of attorney requirements, split/partial voting rules, as well as meeting attendance and beneficial ownership disclosure</li> </ul>
3.G 3.H 3.I	<b>Beneficial Owner Responsibilities</b>	<b>Transparency and compliance with investment decision making</b> <ul style="list-style-type: none"> <li>▪ Election/Voting Management – presentation of default options, management recommendations and terms and conditions. Decisions are supported by reason codes and comments for proof of compliance with mandates</li> </ul>

## About SmartStream

SmartStream is a recognised leader in financial transaction management solutions that enables firms to improve operational control, reduce costs, build new revenue streams, mitigate risk and comply accurately with regulations.

By helping its customers through their transformative digital strategies, SmartStream provides a range of solutions for the transaction lifecycle with artificial intelligence and machine

learning technologies embedded – which can also be deployed in the cloud or as managed services.

As a result, more than 2,000 clients – including 70 of the world's top 100 banks, rely on SmartStream Transaction Lifecycle Management (TLM®) solutions to deliver greater efficiency to their operations.

For more information about SmartStream visit: [smartstream-stp.com](https://smartstream-stp.com)