

From SRD II to SRD III

The Reform of the European Shareholder Rights Directive

The European Commission has launched a public consultation on the possible revision of the Shareholder Rights Directive. What is expected to become the third generation of the Directive — SRD III — could aim to address long-standing weaknesses in the intermediary chain, respond to the rapid evolution of proxy advisory services and stewardship practices, and align shareholder rights infrastructure with the objectives of the Savings and Investments Union.

Executive Summary

On 11 February 2026, the European Commission launched a Call for Evidence and public consultation (Ref. Ares(2026)1540631) on the evaluation and review of the Shareholder Rights Directive, with the stated objective of boosting the competitiveness of EU listed companies and simplifying procedures for financial market participants. The consultation is open until 6 May 2026, and a legislative proposal is indicatively planned for Q4 2026.

The areas the Call for Evidence focuses on. EU capital markets remain fragmented, imposing high administrative and financial burdens on issuers, investors, and intermediaries operating across the Single Market. Drawing on what stakeholders have brought to the Commission's attention, the Call for Evidence sets out three broad areas that the initiative intends to focus on: *first*, inefficiencies in shareholder identification, information transmission, and the exercise of voting rights — exacerbated by divergent national definitions of “shareholder,” non-standardised communication along the intermediary chain, and disproportionate cross-border costs; *second*, questions relating to the transparency of institutional investors, asset managers, and proxy advisors, including the lack of clear oversight for the cross-border provision of proxy advice; and *third*, obstacles to the effective exercise of shareholder rights in general meetings, including inconsistent requirements for proof of entitlement and powers of attorney, divergent deadlines for key meeting dates, and fees that can be particularly burdensome for retail investors.

The proposed fields of action. The Commission envisages two main lines of reform. The first focuses on improving corporate governance through digital technologies: ensuring shareholder rights in virtual and hybrid general meetings, streamlining meeting timelines, and strengthening the oversight of proxy advisors. The second focuses on facilitating information flows and the exercise of rights across borders: automating information exchange, enabling direct communication between shareholders and companies, eliminating dissuasive costs, and ensuring electronic acceptance of proof of entitlement and powers of attorney throughout the EU. For each problem area, the Commission will consider a spectrum of responses ranging from no action to far-reaching legislative change, informed by a back-to-back evaluation and impact assessment.

The Current Framework

The second Shareholder Rights Directive ([Directive \(EU\) 2017/828](#)) amended the original 2007 Directive to encourage long-term shareholder engagement. It introduced requirements for shareholder identification along the intermediary chain, transmission of information, facilitation of voting rights, transparency obligations for

institutional investors and asset managers, regulation of proxy advisors, say-on-pay provisions, and disclosure of related party transactions. The [Commission Implementing Regulation \(EU\) 2018/1212](#) set out the minimum technical requirements for shareholder identification and the exercise of shareholder rights. SRD II has been fully applicable since September 2020.

The ESMA/EBA Review (July 2023)

In July 2023, ESMA and the EBA published a [joint report](#) assessing the implementation of SRD II, responding to a formal request from the European Commission under Articles 3f(2) and 3k(2) of the Directive. The report, based on evidence from 73 market participants, identified areas for further progress and provided detailed policy recommendations. They include in particular:

- **Proxy advisors.** The current framework was found broadly robust. However, improvements were recommended regarding the definition of "proxy advisor," minimum standards for codes of conduct, enhanced conflict-of-interest disclosures — particularly where advisory services are provided to both issuers and investors — and the introduction of an EU-level registration mechanism.
- **Shareholder identification.** The report recommended working towards a harmonised EU-wide definition of "shareholder" in line with Action 12 of the Capital Markets Union Action Plan, while acknowledging the implications for company, securities, and tax law across Member States.
- **Vote confirmation and transmission.** Mixed evidence on the effectiveness of the current voting confirmation framework was noted. The report called for machine-readable formats, straight-through processing, and a "golden operational record" requirement to standardise information flows from issuers through the chain of intermediaries.
- **Costs and charges.** The level of disclosure and comparability of costs charged by intermediaries was found to remain limited across the EU, primarily owing to a lack of harmonisation of fee terminology and disclosure requirements.



Study on the Application of the SRDs (March 2025)

In March 2025, a [study assessing the application of both Shareholder Rights Directives](#) was published, prepared by CSES, Tetra Tech, and Oxford Research for DG Justice and Consumers. The study, based in part on a [targeted consultation](#) conducted in 2023, covered shareholder identification, disclosure, facilitation of voting rights, general meeting formats, and the role of proxy advisory firms.

Key recommendations included publishing the shareholder definitions in force within the EU, offering greater flexibility to issuers in targeting identification requests by geography or ownership level, harmonising key dates for general meetings, systematising hybrid general meetings while prohibiting purely virtual formats, automating electronic voting confirmation, and developing a monitoring mechanism for effective SRD II compliance across the Union.



The High-Level Forum on Justice for Growth

In 2025, DG Justice and Consumers brought the SRD review into the broader framework of the [High-Level Forum on Justice for Growth](#), launched jointly by the Commission and the Polish Council Presidency to examine how civil and company law can support European competitiveness. The second plenary session (12 May 2025) was dedicated to the possible revision of the Shareholder Rights Directive, supported by a [discussion paper](#) from the Commission services. Participants broadly agreed that the current framework is inefficient, especially in cross-border situations, and that it needs to be simplified, modernised through digitalisation, and standardised. The Forum's concluding [report](#) carried forward these findings.

The Political Mandate for Reform

The SRD review is now embedded in two overarching Commission strategies. The [Savings and Investments Union Strategy](#) (19 March 2025) identified a potential review of the Shareholder Rights Directive by Q4 2026 as part of its agenda to remove fragmentation and deepen cross-border capital market integration. The [2026 Commission Work Programme](#) (21 October 2025) subsequently confirmed both an evaluation of the Shareholder Rights Directive and a new legislative initiative to strengthen shareholder rights, each scheduled for Q3–Q4 2026.

Public Consultation and Call for Evidence (February 2026)

On 11 February 2026, the European Commission launched a [public consultation and call for evidence](#) on the evaluation and potential review of the Shareholder Rights Directive (Ref. Ares(2026)1540631). The initiative is formally titled “Update of the rules on shareholder rights: evaluation and review of the Shareholder Rights Directive” and is led by DG Justice and Consumers (Unit A.3, Company Law). It envisages a legislative initiative, with indicative planning for Q4 2026.

Areas of Focus

The Call for Evidence frames the initiative around the fragmentation of EU capital markets, which imposes high administrative and financial burdens on issuers, investors, and intermediaries operating across the Single Market. Drawing on issues that stakeholders have brought to the Commission's attention, it sets out three broad areas that the initiative intends to focus on:

1. Shareholder identification, transmission of information, and exercise of shareholder rights. Stakeholders have pointed to differences in shareholder definitions across Member States, a lack of clarity as to which financial instruments are covered, and inefficiencies in identification and voting processes that continue to create operational complexity. All stakeholders struggle with time-consuming voting processes, particularly in cross-border scenarios. Issuers face high compliance costs in shareholder identification, while intermediaries incur significant costs in managing proxy votes and information flows.

2. Transparency of institutional investors, asset managers, and proxy advisors. Stakeholders have pointed to a lack of clear oversight for the cross-border provision of proxy advice, and to a lack of clarity in the definition of proxy advisors.

3. Format of general meetings and the rights exercised by shareholders in connection with those meetings. Obstacles remain to shareholders being able to participate fully in general meetings, whether in person, in hybrid format, or virtually. These include divergent requirements for proof of entitlement and powers of attorney,

inconsistent deadlines for key meeting dates, and the imposition of fees that can be particularly burdensome for retail investors.

The Commission notes that these areas share a common root in the inefficiencies, high costs, and challenges posed by cross-border operations, driven in part by the absence of a common response to digital developments in the market. The formal problem definition will be developed on the basis of the evaluation and the consultation activities.

Objectives and Proposed Fields of Action

The general objective is to boost the competitiveness of EU listed companies and simplify procedures for financial market participants. The Call for Evidence identifies two principal fields of action. The first concerns improving corporate governance through digital technologies: this could include ensuring that shareholder rights and legal certainty are respected in the case of virtual participation in general meetings, streamlining timelines and deadlines, and strengthening the quality and reliability of proxy advisors' voting recommendations. The second concerns facilitating the flow of information and exercise of rights between companies, intermediaries, and shareholders: this could include providing common rules to automate the exchange of information, exploring solutions for direct communication between shareholders and companies, tackling dissuasive cross-border costs, and ensuring that proof of entitlement and powers of attorney are accepted across borders in electronic format.

The specific policy options will depend on the outcome of the evaluation and the impact assessment, with each identified problem potentially addressed through no action, better implementation and enforcement, targeted amendments within the current framework, or more far-reaching structural changes. The evaluation will be conducted back to back with an impact assessment and will examine effectiveness, efficiency, relevance, coherence with other EU and international instruments, and EU added value. The [consultation questionnaire](#) is open until 6 May 2026.

Towards SRD III: The Reform Agenda

Building on the ESMA/EBA review, the Commission's own assessment, the High-Level Forum discussions, and the current public consultation, the Commission is preparing a legislative proposal for a successor directive. The Call for Evidence groups the problems to be tackled into four broad areas: the identification of shareholders, the transmission of information, and the exercise of shareholder rights; the transparency of institutional investors, asset managers, and proxy advisors; the format of general meetings and the rights exercised by shareholders in connection with those meetings; and the related costs and administrative burdens. Several cross-cutting themes have emerged in the policy discussion.

The absence of a harmonised definition of "shareholder" across the EU remains a fundamental obstacle. The term is defined differently by national company law, securities law, and tax law in each Member State, creating legal uncertainty and operational complexity in the intermediary chain. The ESMA/EBA report noted that 56 per cent of respondents favoured "beneficial shareholder," while others preferred different formulations. Any harmonisation effort will need to reconcile these divergences while serving the practical needs of issuers, intermediaries, and investors.

The regulation of proxy advisors is another area where SRD III is expected to go further than the current comply-or-explain framework. The proxy advisory industry is itself undergoing significant structural change: Glass Lewis has announced plans to phase out its single benchmark voting policy in favour of a platform model,

stewardship teams at major asset managers are splitting into distinct units, and the emergence of pass-through voting programmes is reshaping how voting power is exercised in pooled fund structures. These developments raise questions about whether the EU regulatory framework should accommodate or actively shape the evolving ecosystem.

The format of general meetings has emerged as a key dimension of the reform. The OECD's 2025 peer review of shareholder meeting policies and practices across 50 jurisdictions, cited in the Commission's Call for Evidence, documents a global shift towards hybrid and virtual meeting formats since the pandemic. As of end-2024, virtual meetings are permitted in 45 of 52 surveyed jurisdictions and hybrid meetings in 49, with hybrid formats becoming the most common option in many markets. The report highlights, however, that this trend raises concerns about the effective exercise of shareholder participation rights. Shareholders have frequently opposed proposals that give boards broad discretion to convene fully virtual meetings, and the OECD recommends that frameworks ensure coherent safeguards across all meeting formats, including reliable vote-confirmation procedures, management of digital security risks, and transparency of meeting discussions in minutes. The report also underscores persistent challenges in the proxy voting chain, noting that long intermediary chains, non-standardised communication, and the imposition of disproportionate costs continue to undermine cross-border voting, particularly for retail investors.



The reform will also need to address the persistent fragmentation of cross-border voting infrastructure, the scope of instruments covered by the Directive, and the relationship between shareholder engagement obligations and the broader sustainability reporting and due diligence framework that the EU has developed since SRD II was adopted.

Key Themes for SRD III

Harmonisation of the definition of "shareholder" across the EU · Scope of instruments covered by the Directive · Proxy advisor registration, conflicts of interest, and enhanced disclosure · Voting confirmation and straight-through processing · Cost transparency along the intermediary chain · Hybrid and virtual general meeting formats · Related party transactions: scope, thresholds, and approval mechanisms · Stewardship obligations and sustainability integration · Digitalisation and standardisation of cross-border voting infrastructure · Alignment with the Savings and Investments Union Strategy and the Capital Markets Union Action Plan

Key Documents and References



ESMA / EBA Joint Report (2023)



Commission Study (2025)



OECD Peer Review (2025)



ECLE / ECGI WP 543 (2020)

CORE LEGISLATION

Directive (EU) 2017/828 — Shareholder Rights Directive II

European Parliament and Council, 17 May 2017. Amends Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

IMPLEMENTING REGULATION

Commission Implementing Regulation (EU) 2018/1212

3 September 2018. Minimum requirements for shareholder identification, transmission of information, and exercise of shareholder rights.

ESMA / EBA JOINT REPORT

Implementation of SRD2 Provisions on Proxy Advisors and the Investment Chain

ESMA32-380-267 / EBA/Rep/2023/26, 27 July 2023. Joint assessment of effectiveness, practical difficulties, and scope of application, with detailed policy recommendations.

STUDY PREPARED FOR THE COMMISSION

Study on the Application of the Shareholder Rights Directives — Final Report

CSES, EY, Oxford Research and Tetra Tech for DG Justice and Consumers (JUST/2021/PR/SCOM/CIVI/0169), published March 2025. Assesses implementation across all 27 Member States. Appendices B–G.

HIGH-LEVEL FORUM

Discussion Paper on the Possible Revision of the Shareholder Rights Directive

High-Level Forum on Justice for Growth, second plenary meeting, 12 May 2025. Commission services discussion paper (not adopted or endorsed by the Commission).

HIGH-LEVEL FORUM

High-Level Forum on Justice for Growth — Concluding Report

Summarises discussions and conclusions across four plenary meetings in 2025, covering SRD revision, the 28th regime, digitalisation of justice, and third-party litigation funding.

COMMISSION STRATEGY

Savings and Investments Union Strategy

COM(2025) 124 final, 19 March 2025. Identifies the SRD review (Q4 2026) as part of the integration and scale agenda to remove barriers to cross-border capital market operations.

COMMISSION WORK PROGRAMME

2026 Commission Work Programme

COM(2025) 453 final, 21 October 2025. Confirms both an evaluation of the Shareholder Rights Directive and a new initiative to strengthen shareholder rights, scheduled for Q3–Q4 2026.

OECD PEER REVIEW

Shareholder Meetings and Corporate Governance: Trends and Implications

OECD Publishing, Paris, 2025. Peer review covering 50 jurisdictions, with case studies on the Netherlands, Singapore, South Africa, Türkiye, and the United Kingdom. Cited in the Commission's Call for Evidence. Examines the evolution of AGM formats (hybrid, virtual, in-person), proxy voting chains, vote confirmation procedures, digital security risks, and shareholder proposals.

PUBLIC CONSULTATION

Shareholder Rights Directive — Evaluation and Review: Call for Evidence and Public Consultation

Launched 11 February 2026 by DG Justice and Consumers. Consultation questionnaire open until 6 May 2026. Responses will feed into the evaluation and impact assessment. Call for Evidence document: Ref. Ares(2026)1540631.

EUR-LEX SUMMARY

Shareholder Rights Directive — Legislative Summary

Plain-language summary of the combined SRD/SRD II framework, including provisions on identification, transparency, say-on-pay, and related party transactions.

STAKEHOLDER INPUT

BETTER FINANCE Response to the Targeted Consultation on SRDs

15 December 2023. Retail investor perspective on implementation challenges, shareholder definition, intermediary costs, and AGM formats.

OXFORD LAW BLOG

The Proxy Voting Choice Revolution

October 2025. First empirical analysis of pass-through voting programmes, examining uptake patterns and governance implications for the SRD reform debate.

ECCI WORKING PAPER

Hedge Fund Activism and the Revision of the Shareholder Rights Directive

ECCI. Examines shareholder activism from the perspective of the SRD revision and its impact on institutional investor engagement.

ECCI WORKING PAPER

Sustainable Corporate Governance: The Role of the Law

ECCI. Examines the intersection of SRD II transparency requirements, institutional investor stewardship, and sustainability disclosure.

ECGI WORKING PAPER

Implementation of the SRD II Provisions on Related Party Transactions

ECGI Law Working Paper No. 543/2020 (September 2020). European Company Law Experts Group (ECLE): Paul Davies, Susan Emmenegger, Guido Ferrarini, Klaus Hopt, Adam Opalski, Alain Pietrancosta, Andrés Recalde, Markus Roth, Michael Schouten, Rolf Skog, Martin Winner, Eddy Wymeersch. Comprehensive analysis of RPT transposition across Member States.

European Corporate Governance Institute (ECGI)

This briefing was prepared as a reference document for the ECGI Patrons Council Roundtable on Shareholder Rights and Economic Sovereignty, London, 6 March 2026.