



**28.10.2011**

# Euroshareholders General Assembly

## The Hague, Netherlands



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## List of Participants

### *Members*

1. Jella Benner-Heinacher	Germany	President of Euroshareholders/DSW
2. Jan Maarten Slagter	Netherlands	Vice-President of Euroshareholders/VEB NCVB
3. Günther Mårder	Sweden	Vice-President of Euroshareholders/SARF
4. Ulrich Hocker	Germany	Honorary President of Euroshareholders/DSW
5. Paul Coenen	Netherlands	VEB NCVB
6. Patricia Bergman	Netherlands	VEB NCVB
7. Michael Knap	Austria	IVA
8. Paul Huybrechts	Belgium	VFB
9. Charlotte Lindholm	Denmark	DAF
10. Aldo Sicurani	France	FFCI
11. Christiane Hoelz	Germany	DSW
12. Vilhjalmur Bjarnason	Iceland	Icelandic Shareholders' Association
13. Bolli Hedinsson	Iceland	Icelandic Shareholders' Association
14. Paolo Brambilla	Italy	Assorisparmio
15. Hachem Boulos	Lebanon	Hashem Boulos Office
16. Giedrius Steponkus	Lithuania	Lithuanian Investors Association
17. Raymond Goebbels	Luxembourg	INVESTAS
18. Kristjan Verbič	Slovenia	VZMD
19. Sarah Kavšek	Slovenia	VZMD
20. Henning Wegener	Spain	AEMEC
21. Jose Francisco Estevez	Spain	AEMEC
22. Maria M. Fernandez	Spain	AEMEC
23. Leif Vindevåg	Sweden	Aktiespararna
24. Martin Morton	UK	UKSA
25. Harry Braund	UK	UKSA

***Guests***

26. Steven Maijoor	Belgium	ESMA (European Securities and Markets Authority)
27. Béatrice Richez-Baum	France	ECODA (European Confederation of Directors' Associations)
28. Robin Edme	France	MEDDTL (Ministère de l'Écologie, du Développement durable, des Transports et du Logement)
29. Jean Berthon	France	FAIDER (Fédération des Associations Indépendantes de Défense des Epargnants pour la Retraite)
30. Guido Antolini	Italy	EFES
31. Alexey Smirnov	Russia	UBIR
32. Julija Verbič	Slovenia	

***General Secretariat***

33. Guillaume Prache	Belgium	Secretary General
34. Aleksandra Palinska	Belgium	General Secretariat
35. Jana Hromadová	Belgium	General Secretariat

# **Program of the Joint Euroshareholders and EuroInvestors Events**

**27<sup>th</sup> - 29<sup>th</sup> October 2011 in The Hague, Netherlands**

Thursday, October 27<sup>th</sup>, 2011

*Venue: VEB office (Amaliastraat 7, The Hague)*

14.00 **EuroInvestors Board Meeting** (EuroInvestors Board Members only)

16.00 **Euroshareholders Legal Committee Meeting** (Euroshareholders Legal Committee Members only)

19.00 Aperitif and a welcome dinner (informal) at the restaurant MAX (*Prinsestraat 42-A, The Hague*)

Friday, October 28<sup>th</sup>, 2011

*Venue: Hilton The Hague hotel (Zeestraat 35, 2518 AA The Hague)*

9.30 -10.30 **Euroshareholders Board Meeting** – Euroshareholders Board members only

11.00 -12.30 **Euroshareholders General Assembly – closed session** (Members only)

13.00 Lunch

14.30 -16.30 **Euroshareholders General Assembly – session open to guests**

including speeches by:

- Mr. Steven Maijor, Chair of European Securities and Markets Authority (ESMA)
- Ms. Béatrice Richez-Baum, Secretary General of ECODA (European Confederation of Directors' Associations)
- Mr. Robin Edme, former Eurosif director, on what's in Socially Responsible Investment (SRI) for individual investors

19.00 Formal aperitif and dinner at the restaurant Des Indes (*Lange Voorhout 54, The Hague*)

Saturday, October 29<sup>th</sup>, 2011

## **Cultural Program**

09.00 – 12.00 Visit of Rotterdam including a boat trip around the harbor

12.30 Lunch in a restaurant in Schiedam

14.00 Visit of a liquor museum in Schiedam (guided tour)

15.30 Visit of The Hague

17.30 – 20.00 Informal aperitif and dinner at the house of Jan Maarten Slagter

# **Agenda**

## **Euroshareholders General Assembly**

### **The Hague, Netherlands**

Friday, 28th October 2011

#### 11.00 -13.00 Members only session

1. Approval of the agenda (resolution item)
2. Approval of the minutes of the General Assembly on March 25<sup>th</sup>, 2011 in Istanbul (resolution item)
3. Report of the Nomination Committee
4. Election of the board members, of the president and of the vice-presidents (resolution item)
5. Appointment of secretary general (resolution item)
6. Finalization of the new bylaws (resolution item)
7. Membership fees rules
8. EU funding
9. Activity report of the General Secretariat
10. 2011 membership fees
11. Membership applications: UBIR and EFES (European Federation of Employee Share Ownership) (resolution item)

#### 13.00 Lunch

#### 14.30 -16.30 Session open to guests

12. Presentations by:
  - Mr. Steven Maijor, Chair of the European Securities and Markets Authority (ESMA)
  - Ms. Béatrice Richez-Baum, Secretary General of ECODA (European Confederation of Directors' Associations)
  - Mr. Robin Edme, former Eurosif director, on what's in Socially Responsible Investment (SRI) for individual investors
13. Update on what's going on in Brussels (see 3<sup>rd</sup> quarter's 2011 Brussels Euro News) and on the EuroVote project
14. Members roundtable

15. Dates of the next Euroshareholders meetings:

- ✓ **16<sup>th</sup> March 2012** General Assembly in Brussels tbc.
- ✓ **September 2012** General Assembly in Ljubljana, Slovenia tbc.
- ✓ **December 2012** DSW's International Investors' Conference in Wiesbaden
- ✓ 2013 meeting in Italy tbc.

# Minutes of the Euroshareholders General Assembly in Istanbul (25.03.2011)

## Participants:

### Members present

1. Jella Benner -Heinacher	Germany	President of Euroshareholders/DSW
2. Günther Mårder	Sweden	Vice –President of Euroshareholders/SARF
3. Wilhelm Rasinger	Austria	IVA
4. Paul Huybrechts	Belgium	VFB
5. Charlotte Lindholm	Denmark	DAF
6. Aldo Sicurani	France	FFCI
7. Christiane Hölz	Germany	DSW
8. Bolli Hedinsson	Iceland	ISA
9. Paolo Brambilla	Italy	Assorisparmio
10. Hachem Fares Boulos	Lebanon	Boulos Law Office at Beirut Bar Association
11. Giedrius Steponkus	Lithuania	Lithuanian Shareholders' Association
12. Paul Coenen	Netherlands	VEB NCVB
13. John Peter Tollefsen	Norway	Akcjonaerforeningen i Norge
14. Cristinel Preda	Romania	Romanian Shareholders Association
15. Kristjan Verbic	Slovenia	VZMD
16. Henning Wegener	Spain	AEMEC
17. Leif Vindevåg	Sweden	SARF
18. Ali Bahcuvan	Turkey	BORYAD
19. Soner Bahcuvan	Turkey	BORYAD
20. Martin Morton	UK	UKSA
21. Stan Grierson	UK	ProShare
22. Barbara Grierson	UK	ProShare

### Members represented

23. Raymond Goebbels	Luxembourg	INVESTAS
24. Jofre Farres	Spain	ADICAE

### Guests

25. Alexey Smirnov	Russia	Union of Borrowers and Investors in Russia
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### General Secretariat

26. Jean -Pierre Paelinck	Belgium	Honorary Secretary General
27. Guillaume Prache	Belgium	Secretary General
28. Aleksandra Palinska	Belgium	General Secretariat
29. Jacek Wieczorek	Belgium	General Secretariat



## 9.00 -12.00 Morning session

### **9.30 Opening speech by Dr. Vedat Akgiray, Chairman of the Capital Markets Board (Turkish capital markets regulator)**

Soner Bahcuvar welcomed everyone saying that this was a very important day for BORYAD since - even though Turkey was not part of the European Union - BORYAD had privilege to host the Euroshareholders General Assembly after becoming a full member in December 2010. He said he believed that thanks to that Turkey was closer to the EU membership. He stated that BORYAD being part of ESH would try to increase transparency of the Turkish capital market, increase shareholders' protection and implement Corporate Governance rules.

The Chairlady, Jella Benner – Heinacher, thanked him for the warm welcome in Turkey. She said that the Turkish EU membership was not up to Euroshareholders, but nevertheless we could see big progress in the economic development of the country.

### **9.45 Press conference**

### **10.15 Start of the Euroshareholders internal meeting**

The Secretary General (SG) reported that he had two proxies (from Jofre Farres and from Raymond Goebbels): one issued to the Chairlady and one to himself.

#### **1. Approval of the agenda**

Agenda was approved.

#### **2. Approval of the minutes of the General Assembly in Wiesbaden on December 6<sup>th</sup>, 2010 (resolution item)**

Minutes were approved.

#### **3. Approval of the 2010 financial statements and of the External Auditor's 2010 report (resolution item)**

SG reported that we closed 2010 year spending € 47 000 less than budgeted. Euroshareholders therefore managed to save € 38 000 of its own funds as reserves for the future. These big savings came mainly from tightening travel and meeting expenses, and also personnel costs. He explained in particular that ESH had received subventions from the Belgium Ministry for hiring him. A further small amount will be provided in 2011. SG explained that the accounting fee had been higher in 2010 than budgeted because of two full time employees in comparison to one in 2009, and the additional related paperwork. He also mentioned that the depreciation budgeted in 2010 was actually the full

investment cost. Stan Grierson mentioned the advantages of Skype conference calls and suggested more frequent use of this kind of communication tool.

The 2010 financial statements were approved.

The Report of the External Auditor for 2010 was approved.

#### **4. Membership fees**

##### **a. Exclusion of members for unpaid membership fees for more than two years: Cyprus, Macedonia (FYROM), Montenegro and Spain (ADA) (resolution item)**

Due to the special health situation of Mr. de Caralt, SG proposed postponing exclusion of ADA. Henning Wegener suggested contacting Mr. de Caralt and giving additional 6 month period until the exclusion and making an enquiry about their activities. He underlined that anyway he would abstain from the vote out of solidarity. Paul Coenen proposed giving him the opportunity to terminate his membership himself.

Other organizations (from Cyprus, Macedonia –FYROM, Montenegro) were excluded. But, they can always apply to restart their membership if / when they wish so.

##### **b. Rules on the membership fees setting (creation of a special committee) (resolution item)**

SG reported that Euroshareholders does not have clear rules for setting and adjusting membership fees and underlined that this was a problem while discussing new memberships. Also, inflation has not been taken into account for many years now. During the last Board meeting it was decided to create a committee that would set up clear rules on the membership fees. There were already two candidates as committee members: Christiane Hoelz and Paul Coenen. Hachem Boulos also presented his candidature. A concrete proposal will be presented at the next Board Meeting.

#### **5. Approval of the 2011 budget (resolution item)**

SG thanked FFCl for accepting a significant membership fee increase as from 2011 matching the membership fee level of the other French member organization – ADAM. SG explained the EuroInvestors contribution resulted from available funds in 2010 and because EFI was sharing premises and staff with Euroshareholders. Such a contribution may not be renewed in the future. For 2011 € 5000 was budgeted as income from the EuroVote project. SG congratulated IVA for attracting the first EuroVote partner. He also explained an increase in personnel costs, as the Senior Research Assistant would be for the whole year in 2011 in comparison to five months in 2010. The lawyer's fee is for checking compliance of the French version of bylaws with the English version (on request of VEB). SG mentioned that whenever he was invited to a conference or a workshop he asked them for

travel costs in order to minimize the ESH expenses. He underlined that Euroshareholders would still generate a surplus of around of € 12 000 in 2011. This will allow us to protect the future and the sustainability of Euroshareholders. Charlotte Lindholm inquired about the budgeted funding from the partners. SG explained that the contribution from EuroInvestors was not based on a calculation but on what EuroInvestors could pay for the respective year. The rule is that when a EuroInvestors member is already a member of ESH, the fee is offset against the ESH membership fee. There was a surplus of cash at EuroInvestors end of 2010 and therefore it had been possible for EFI to make this contribution to ESH. Charlotte Lindholm inquired about the potential merger of ESH and EFI and if it would simplify things. SG and JBH reminded everyone the initial reason for EFI creation – to get a subvention from the EC. They underlined that they would favour merger of EFI and ESH, but mentioned that certain Euroshareholder members had been reluctant to transform ESH into EFI back in 2009. Still it is a possibility for the future.

Kristjan Verbic mentioned EuroVote contributions from the partners and suggested deciding on how best to handle the contributions from the accounting point of view in order to optimize the taxation, etc. SG suggested setting the rules on a case by case basis. He gave an example of IVA – given that IVA had attracted the issuers it was decided to share 50/50. Nevertheless, SG is open to any tax optimization possibilities.

The budget was approved.

## **6. 5 year business plan**

SG underlined that the 5 year business plan had been a specific request from VEB and was related to Shell settlement proceeds. It is not a resolution item.

Paul Coenen reported that VEB had been negotiating for 2 years already with the tax authorities that finally had decided to not to impose tax on the €1m to be donated to ESH. Charlotte Lindholm inquired about the reduction in salary in 2014 – GP replied that the ESH staff is on term contracts for two years. These should be renewed but if future funding is not secured, from 2015 the secretary general might have to become part time. So if we do not find the sustainable funds before 2015 it might be necessary to reduce personnel costs.

## **7. EC funding – collective action towards the European deputies and the heads of the permanent missions to the EU (resolution item)**

In 2009 EC (DG MARKT) publicly committed to provide the direct funding to support the voice of retail investors. At the end of 2009 SG heard from DG MARKT that they were not ready. Following advice from DG MARKT in 2009, EuroInvestors applied for the DG Sanco tender which was unsuccessful. In particular, EC blamed the lack of the ‘safety’ objective in our bylaws. BEUC – the

European Consumer Organization - won the whole tender (as every other year) even though they also did not have 'safety' objective in their bylaws either, and that they are more than 50% funded by the EC. DG Sanco stated that they did not perceive us as a general purpose consumer organization and off the record said that we would never get the funding. In 2010 the Commissioner Michel Barnier promised that DG MARKT would do something for EuroInvestors in 2011, but later on Jonathan Faull (Director General of DG MARKT) said that they did not have the budget for us. At the same time DG MARKT is considering providing more than €1m to the Finance Watch initiative in 2012. We still have some hopes and we will put more pressure on the EC. SG reported that we would try to apply again to the DG SANCO tender even though it involves a lot of work. At the same time we will have to pay for the Finance Watch membership. Three years after the financial crisis, it seems that the EC is unfortunately "back to business as usual". For instance both Jean Berthon from EFI and SG unsuccessfully applied for the EIOPA (Insurance and Pensions Authority) stakeholder groups. In the 30 member pension group there are only 2 financial services users (one being Klaus Struwe from our Danish member) while the rest are mostly industry representatives or professional providers paid by the industry. It is in contradiction to the European Regulation that requires a "balanced proportion" between stakeholders. Now we are awaiting the ESMA (Securities Markets) stakeholder group designations.

JBH gave her impression on what was happening in Brussels. She said that the appointment of the Commissioner Barnier had given us hope since he seemed to be very positive towards the investors. But during the meeting Jonathan Faull, the Director General, was very distant and made it clear that they did not have funds for us.

Following the proposal by Henning Wegener, SG will draft the letter in English to send to MEPs from all respective countries (especially ECON MEPs) to support our cause. Henning Wegener said that this was another case when the EC showed arrogance, lack of quality, and contradictions. He underlined that our letter should have a clear and coherent message and that as many MEPs should receive it as possible. Every organization should send a letter to MEPs from at least two major parties – the message has to be the same and showing in copy other addressees. Leif Vindevag suggested placing it in the political arena. He advised to write to the Ministers of Finance in the respective countries in order to go from top to the bottom as well and to make some fuss around it. SG agreed and said that this was exactly the aim of this letter. He would like to send it to all MEPs from all the respective countries and all the commissioners (even though they are from different areas). He emphasized we also needed to drive some media attention. Henning Wegener underlined that the collective impact would be bigger if the letters were sent at the same time. It was agreed that we would also send this letter to the permanent representatives in Brussels, Commissioners and top people in relevant

ministries. The timeframe is to be provided. Kristjan Verbic suggested extending the action to the European Court of Justice and possibly other organizations (also non –profit ones).

The collective action was agreed.

It was also agreed that members would support the tender from ESH in order to comply with the DG Sanco tender requirements (formal and formatted support letter from national members).

#### **8. Reply to the EC consultation on a European collective redress scheme (resolution item)**

The deadline for the responses to the EC consultation on a collective redress is April 30<sup>th</sup>, 2011. SG said that he would circulate shortly the ESH summary reply to all the members so they could use it as a base for their own reply or even ‘copy paste’ it. He emphasized that we needed as many submissions from our member organizations as possible in order to make an impact. He said that it was a unique chance to make the EC move on that issue. He said he was counting on the feedback from VEB and from BEUC. We would provide members with the procedure to file the responses to this consultation. Leif Vindevåg suggested issuing a press release on that occasion as the collective redress was especially important in the financial services.

SG pointed out that an EU –wide coherent collective redress within a constructive legal framework could also be a response to our funding issues given that currently Euroshareholders activities were financed for a large part by a collective action (the Shell settlement). Therefore, if we had a well working collective action system as e.g. in the Netherlands, this could become an important source of income.

The resolution for all ESH members to reply to the EC consultation on collective redress was approved.

#### **9. Draft Euroshareholders Voting Guidelines (resolution item)**

The SG presented the draft European –wide voting guidelines that had been prepared and agreed by the EuroVote working group and also reviewed by the ESH Board. The DSW guidelines were very helpful for the drafting of the ESH ones.

Leif Vindevåg suggested adding a statement that we would follow advice and expertise from our national organizations. It was also proposed to add a short introduction stating the purpose of the guidelines and underlining no interference in the freedom of voting. Henning Wegener said that his lawyers had gone through these guidelines very carefully and were happy with it.

Euroshareholders Voting Guidelines were approved.

12.30 Lunch

### 13.30 -17.00 Afternoon session

#### **10. EuroVote Project update**

Aleksandra Palinska, ESH Senior research Assistant presented the update. It was suggested to add a disclaimer that the final decision on voting at an AGM is up to the member organization's representative, both on our website and in the Euroshareholders Voting Guidelines.

#### **11. Activity report of the Secretary General** (see the attached report)

#### **12. Press conference with Equiduct on the impact of MiFID on retail investors**

#### **13. Recent and upcoming events in Brussels (see 1<sup>st</sup> quarter 2011 EuroNews attached)**

#### **14. Dates of the next Euroshareholders meetings:**

- ✓ **24<sup>th</sup> June, 2011:** Euroshareholders International Investors' Conference in Beirut, Lebanon including: Board, Nomination Committee and open Legal Committee session on collective actions
- ✓ **28<sup>th</sup> October, 2011:** General Meeting in Den Haag (new board designation)

#### **15. Members roundtable**

## Recommendation of the Nomination Committee

President:	<b>Jella Benner-Heinacher</b> (DSW, Germany, current President)
Vice-Presidents:	<b>Günther Mårder</b> (Aktiespararna, Sweden, current Vice-President) <b>Jan Maarten Slagter</b> (VEB, The Netherlands, current Vice-President)
Other Board members:	<b>Bolli Hedinsson</b> (ISA, Iceland, current Board member) <b>Paul Huybrechts</b> (VFB, Belgium, new Board member) <b>Aldo Sicurani</b> (FFCI, France, new Board member) <b>Kristjan Verbic</b> (VZMD, Slovenia, new Board member)

## Technical Adjustments to the New Bylaws

The Euroshareholders bylaws approved in Wiesbaden were the English version. After submitting both the English and the legally-binding French translation to a Belgian lawyer, he pointed out a few necessary technical adjustments.

Following three provisions are missing while being required by the Belgian law:

- Specification of the activities ESH proposes to implement in order to meet its stated objectives – new article 2.2: *In order to meet these objectives, Euroshareholders regularly issues positions on relevant matters, conducts research, informs, convenes and represents its members, organizes events such as conferences, seminars, etc.*
- Specification of how the Board is convened and how it decides – new articles 6.6 and 6.7:  
*6.6 The Board is convened by the president, the general secretary or by two board members with an 8 days notice. A notice via email is sufficient. The convocation shall contain the agenda.*  
*6.7 The Board is empowered to pass valid resolutions when a minimum of 50% of its members are present or represented. Resolutions are passed with simple majority. A member may be represented at the Board by his/her proxy, provided that the President or the Secretary General has been given advance notice of this arrangement. A proxy can be given by email. Members present at the Board meeting can – next to their own voting right – only represent one proxy from another member.*
- In case of winding up, assets must be handed over to an organization with a not for profit purpose – addition to article 10.2: *Based on their audited report a final General Assembly meeting will decide to have any remaining assets handed over to another European organisation with similar objectives with a not for profit purpose.*

Two changes suggested by the lawyer are with regard to articles 6.2 and 6.3 and Secretary General being a member of the Board till 31/10/2011. Since the final version of bylaws is to be approved by the General Assembly on October 28<sup>th</sup>, 2011 it was suggested simply to delete the provision specifying that he had been member of the Board till 31/10/2011.

The last technical change to be made is related to the article 7.1 which in the current form makes the daily management by the GS almost impossible: daily acts such as payments, getting certified mail,



etc. must not require the signing of the president or of a vice-president (moreover it is inconsistent with delegating the daily management to the GS): edit to article 7.1.

The Board accepted the first three technical adjustments and two provisions regarding SG being a member of the Board till 31/10/2011 were decided to be dropped. Regarding the last it was proposed to make a ceiling for the extrajudicial acts. Giving an example of EuroInvestors GP proposed a €10 000 cap, specifying that this cap is a EuroInvestors board resolution but not a provision of the EuroInvestors bylaws, so as to keep the online banking operations practical (if in the bylaws, the bank will require the setup of a double signature system for online banking transactions). Leif Vindevåg suggested adding that SG has to consult the Board in case of issues of high political value. The final Board decision on the edit to article 7.1. of the bylaws was: *“For all extrajudicial acts the Board delegates powers to the SG. SG shall consult the Board in all politically important decisions.”*

The Board also decided on a cap at € 10 000 for financial decisions by the SG alone.

PC suggested using *“and any other business in that regard”* instead of *“etc.”* throughout the bylaws.

The Board approved the bylaws amendments to articles 2.2, 6.6, 6.7, 7.1 and 10.2 described above, as well as the following resolution:

*Any expense or external payment of € 10 000 or above will require the prior approval of the president or of one of the two vice presidents.*

# New Bylaws (final version)

## EUROSHAREHOLDERS BYLAWS

with technical adjustments approved by the board on 24<sup>th</sup> June 2011

### ARTICLE 1: INCORPORATION, NAME, LEGAL CHARACTER, DURATION AND REGISTERED OFFICE

- 1.1 The European Shareholders Group was incorporated as a de facto organisation on 19th October 1992 in Brussels. The name of the Association is “European Shareholders Group”, in short “Euroshareholders”.

The undersigned, acting on behalf of their respective organisations, have decided to establish the existing association into an international not for profit association in accordance to the law of 25th October 1919. This law having been abrogated by the law of 2nd May 2002 on ASBL, AISBL and foundations, the present bylaws comply with this new law.

**ADA** – Asociación para la Defensa del Accionista, Avda. Diagonal 349 Pral 2, 08037 Barcelona, Spain.

Represented by: Ignacio de Caralt, Engineer, Spanish.

**ADAM** – Association pour la Défense des Actionnaires Minoritaires, Rue Montescot, 4 B.P. 208 F-28004 Chartres Cedex, France.

Represented by: Colette Neuville, President, ADAM, French.

**ATM** - Associacao dos Investidores e Analistas Técnicos do Mercado de Capitais, Edificio Eastécnica Tagus Park, 2780-920 Porto Salvo, Portugal.

Represented by: Paulo Pinto, Chief Executive Officer, Portuguese.

**DAF** – Dansk Aktionæforening, Holte Midtpunkt 20, P.O. Box 77, DK-2840 Holte, Denmark.

Represented by: Claus William Silfverberg, Director, MBA, Danish.

**DSW** – Deutsche Schutzvereinigung für Wertpapierbesitz E.V., Hamborner Str. 53, D-40468 Düsseldorf, Germany.

Represented by: Jella Susanne Benner-Heinacher, Attorney at law, German, and Ulrich Hocker, General Executive Manager, German.

**INVESTAS** – Association Luxembourgeoise des Actionnaires Privés, 19 rue Bellevue, L-7214 Bereldange, Luxembourg.

Represented by: Jean-Paul Hoffmann, Civil Engineer, Luxembourg.

**MSA** – Malta Shareholders Association, P.O. Box 76, B'Kara, Malta.

Represented by: John G. Borg Bartolo, Chairman, Maltese.

**SARF** – Swedish Shareholders Association, Radmansgatan 70A, SE-11389 Stockholm, Sweden.

Represented by: Lars Milberg, Lawyer, Swedish, and Leif A. Vindevag, Manager and Research Economist, Swedish.

**UKSA** – United Kingdom Shareholders Association, c/o Hillway 32, N6 6HJ, London, United Kingdom.

Represented by: Martin Morton, Retired, British.

**VEB** - Vereniging van Effectenbezitters, Amaliastraat 7, Postbus 240 NL-2501 CE Den Haag, The Netherlands.

Represented by: Peter Paul Ferdinand de Vries, Director VEB, Dutch.

**VFB** - Vlaamse Federatie van Beleggingsklubs en Beleggers, v.z.w., Pater Nuyenslaan 62, 2970 Schilde, Belgium.

Represented by: Emiel Van Broekhoven, Professor of Economics, Belgian, and Hugo Pauwels, Colonel MAB Rtd, Belgian.

- 1.2 Euroshareholders is incorporated for an indefinite period. The business year coincides with the calendar year.

- 1.3 The association is seated in (1000) Brussels at Rue du Lombard 76. The office may be transferred to any other location by resolution of the General Assembly.

## **ARTICLE 2: OBJECTIVES**

- 2.1 The main objectives of Euroshareholders are:
- to protect and represent the interest of private investors especially in stocks and other standardized and listed financial instruments;
  - to enhance shareholders' value;
  - to support the principles of good corporate governance;
  - to guarantee equal treatment of shareholders;
  - to enhance the performance of the companies;
  - to support harmonisation at the EU level on issues such as minority shareholder protection, transparency of the capital markets and cross-border proxy voting;
  - to promote financial education and scientific research in the areas of capital markets, shareholders' value and European regulations;
  - to act on behalf of the interest of the members before the courts and international organizations.

2.2 In order to meet these objectives, Euroshareholders regularly issues positions on relevant matters, conducts research, informs, convenes and represents its members, organizes events such as conferences, seminars, and any other business in that regard etc.

## **ARTICLE 3: MEMBERSHIP**

- 3.1 Euroshareholders has two kinds of membership: a full and an associate membership.
- 3.2 The full membership is open to any European national shareholders association, and/or to any European national investment club organisation supporting the objectives of Euroshareholders. Applications for a full membership can be made by submitting an application in writing to the address of the association, addressed to the President, or to the Secretary General, who will circulate a copy of the application to the members.
- 3.3 The associate membership is open to any national shareholder associations and/or national investment club organisation from any other country. Applications for an associate membership can be made by submitting an application in writing to the address of the association addressed to the President, or to the Secretary General, who will circulate a copy of the application to the members.
- 3.4 The decision on new membership will be taken in the General Assembly succeeding the presentation of the application for membership by resolution with a 2/3 majority of present and represented full members.
- 3.5 An application for a full and/or associate membership from a state in which an existing member is located requires the explicit previous written approval of this existing member. The President shall request such respective statement from the existing member.
- 3.6 Euroshareholders can accept any other organisation and/or individual supporting the objectives of Euroshareholders as partners. Applications for a partnership can be made by submitting an application in writing to the address of the association addressed to the President, or to the Secretary General who will circulate a copy of the application to the members. The decision on the application will be taken by the General Assembly with 2/3 majority. Partners are welcome to join meetings of the General assembly, The Board or commissions when invited by the Board.
- 3.7 Honorary members can be appointed and dismissed by the board. Honorary members are individuals or legal persons with special contributions to the objectives of Euroshareholders.

Honorary members are welcome to join meetings of the General assembly, the Board or commissions when invited by the Board.

#### **ARTICLE 4: RESIGNATION AND EXCLUSION OF A MEMBER**

- 4.1 Euroshareholders shall have absolute discretion to accept or reject any application for full and associate membership as well as for partnership without necessarily assigning any reason.
- 4.2 A member or partner may at any time resign membership or partnership by giving notice in writing to the President. Such resignation shall take effect at the end of the calendar year.
- 4.3 A member can be excluded if the member:
- a. has seriously or repeatedly failed to comply with the provisions of these bylaws;
  - b. has committed some act seriously prejudicial to the interests of Euroshareholders;
  - c. has not paid the membership fees for two consecutive years.
- The exclusion can only be decided by the General Assembly of members, by a simple majority vote of members present or represented, following an offer made to the member to present and defend his particular position. The exclusion takes effect as per decision of the General Assembly.
- 4.4 In case of resignation or termination of membership, the member's contribution to Euroshareholders shall remain due for the current year; the member will have no rights to the assets of Euroshareholders.
- 4.5 The non-payment of membership fees for one or more years will cause, for the following year, the suspension of all voting rights and board membership.

#### **ARTICLE 5: GENERAL ASSEMBLY**

- 5.1 The General Assembly is the highest decision making body of Euroshareholders. The General Assembly determines the policy to be adopted by Euroshareholders. It also elects and dismisses the President and the members of the Board of Directors (see article 6.1). Furthermore, only the General Assembly is empowered to act on the following major issues (see 5.6):
- to establish Euroshareholders' rules of procedure and amend these as necessary;
  - to decide on the admission of new members and partners (see article 3);
  - to decide on membership fees;
  - to decide on the exclusion of members (see article 4);
  - to approve the annual financial statements;
  - to approve the annual budget;
  - to appoint the auditor (if required by law or otherwise);
  - to appoint and dismiss the Secretary General;
  - to decide on any amendments to these bylaws;
  - to decide on the dissolution of Euroshareholders.
- The General Assembly meets as often as required in the interest of the association. A register containing decisions taken by the General Assembly will be kept at the Secretariat.
- 5.2 The General Assembly is composed of the representatives of full and associate members and the Secretary General of Euroshareholders. Third parties only attend meetings of the General Assembly when invited by the Board.
- 5.3 Each full member is given one vote. Associate members, partners and honorary members have no voting rights, however they have speaking rights.
- 5.4 The General Assembly is convened by the President, the Secretary General or by two board members with 28 days' notice given to each member. A notice via email is sufficient. The convocation shall contain the agenda and proposed resolutions for the General Assembly. Any full member has the right to add items to the agenda if he/she can prove the support for this request from another full member. The request shall reach the President or the Secretary

General 15 days before the General Assembly by the latest. The President or the Secretary General will circulate the request by email to all full and associate members without undue delay.

Only timely tabled resolutions, distributed at least 10 days prior to the meeting, can be taken for decision at the General Assembly.

- 5.5 The President chairs the General Assembly. In his absence, a Vice-President or the oldest board member present shall do so.
- 5.6 The General Assembly is empowered to pass valid resolutions when a minimum of 50% of the full members are present or represented. Resolutions are passed with simple majority as far as these by-laws do not require another majority. A member may be represented at the General Assembly by his/her proxy, provided that the President or the Secretary General has been given advance notice of this arrangement. A proxy can be given by email. Members present at the General Assembly can – next to their own voting right – only represent one proxy from another member. The Secretary General can represent more proxies as far as these proxies contain explicit voting instructions on the items which call for a vote.
- 5.7 Resolutions of the General Assembly regarding a change of the bylaws or on the voluntary dissolution of Euroshareholders must be passed by a 3/4 majority of the members present or represented.
- 5.8 The minutes of each meeting of the General Assembly will be sent to each member by mail, fax or e-mail.

#### **ARTICLE 6: BOARD**

- 6.1 The members of the Board are elected by the General Assembly amongst its full members. The General Assembly can delegate power to the Board of Directors.
- 6.2 In addition to the President the General Assembly elects one or two Vice-Presidents; they are elected for a period of two years. They may be re-elected. Their functions are not remunerated.
- 6.3 The other members of the Board are appointed for two years and may be re-elected. The minimum number of board members is five, including the President.
- 6.4 The Board is in charge of the daily management of Euroshareholders and disposes for that of all the powers not exclusively reserved to the General Assembly.
- 6.5 Only two Board members, of which at least one is President or Vice-President, can jointly represent and sign on behalf of Euroshareholders.
- 6.6 The Board is convened by the president, the general secretary or by two board members with an 8 days notice. A notice via email is sufficient. The convocation shall contain the agenda.
- 6.7 The Board is empowered to pass valid resolutions when a minimum of 50% of its members are present or represented. Resolutions are passed with simple majority. A member may be represented at the Board by his/her proxy, provided that the President or the Secretary General has been given advance notice of this arrangement. A proxy can be given by email. Members present at the Board meeting can – next to their own voting right – only represent one proxy from another member.
- 6.86 The Board can set up internal rules of procedure.
- 6.97 Board members are represented by delegated employees of their respective association.

#### **ARTICLE 7: SECRETARIAT OF EUROSHAREHOLDERS**

- 7.1 The daily management of Euroshareholders can be delegated by the Board to a Secretary General. The President or a Vice-President together with another board member or with the Secretary General can represent the association in any judicial ~~or extra-judicial~~ acts. For all extrajudicial acts the Board delegates powers to the SG. SG shall consult the Board in all politically important decisions.;the GS has

- 7.2. The Secretary General will be responsible for the register, which summarises the proceedings and decisions taken at each General Assembly and board meeting.

#### **ARTICLE 8: COMMITTEES**

- 8.1 On the basis of decision by the General Assembly, the association can set up committees, e.g. a legal committee and a nomination committee, whose object is to monitor developments in their respective fields, help devise the association's policies in their regard, suggest actions to be taken and implement the strategies adopted. Membership functions in committees are not remunerated.  
Candidates for all committees – except for the Nomination Committee – shall be proposed by the Board of Directors and agreed by the General Assembly. Candidates for the Nomination Committee shall be chosen among the members (or their representatives) by the General Assembly in an open process which starts at least two months before they are being elected.
- 8.2 Committees are composed of persons nominated by the members and representing them. Only full members can become committee members.
- 8.3 The Chairmen and Vice-Chairmen of the different committees to be set up are nominated for a period of two years by the President of the Association in consultation with the General Assembly. They can be re-elected. Members of the Nomination Committee shall be elected for only one reason: the preparation of the board elections. The Nomination Committee shall be set up one year prior to the next board election by the latest. The Nomination Committee will be dissolved at the day the new board has been elected.

#### **ARTICLE 9: FINANCES AND SUBSCRIPTIONS**

- 9.1 Members are responsible for their own expenses; e.g. the cost of sending representatives to meetings.  
The Secretary General will draft the proposal for the annual budget of Euroshareholders to the General Assembly. Accounts shall – as far as requested by law or otherwise – be audited by one or two independent controllers/auditors appointed annually by the General Assembly. The audited report shall be submitted in due time to put on the agenda and for consideration by the next annual General Assembly meeting.
- 9.2 Euroshareholders' costs shall be shared among all members and associate members. Membership imposes the obligation to pay an annual subscription covering the budget, to be calculated in accordance with the subscription formula laid down by the General Assembly. Associate members will pay a reduced fee.

#### **ARTICLE 10: DISSOLUTION AND WINDING UP**

- 10.1 The General Assembly may with a 3/4 majority of members present or represented decide to dissolve the organisation also in a situation when this is not required by law. The General Assembly will appoint two liquidators to manage the process. In case the quorum is not present, the Board of Directors can call for a second meeting, at least 28 days later, on which the proposal can be decided again, without being bound by the quorum condition; however the ¾ majority still applies.
- 10.2 Based on their audited report a final General Assembly meeting will decide to have any remaining assets handed over to another European organisation with similar objectives [with a not for profit purpose](#).

# Memorandum on the EU Funding Opportunities Meeting

Brussels, 16<sup>th</sup> September, 2011

Moderator: Ms. Judith Neisse, Mediana consultant

Participants:

1. Jella Benner-Heinacher	ESH & EFI President	DSW
2. Jean Berthon	EFI Vice-President	FAIDER
3. Günter Mårder	ESH Vice-President	SARF
4. Paul Coenen		VEB
5. Christiane Hölz		DSW
6. Giedrius Steponkus		LSA
7. Kristjan Verbič		VZMD
8. Robin Edme	former Eurosif director	
9. Guillaume Prache	ESH SG & EFI MD	ESH/EFI
10. Aleksandra Palinska	General Secretariat	ESH/EFI
11. Magdalena Rumas	General Secretariat	ESH/EFI

The meeting had been organized in order to brainstorm about the EU funding strategy of Euroshareholders and EuroInvestors and finding the way of sustainable financing of those organizations. A consultant specialized in EU projects, Judith Neisse from Mediana, was moderating the session. In order to provide a background for the brainstorming, the morning session was devoted to the functioning of the European institutions including overview of the institutions, organisation and working method of the European Commission, the functioning of European programmes and information sources about the European programmes, grants and tenders. Following, participants were familiarized with the analysis of a call for proposal and project cycle management. The afternoon session led to the most important part, i.e. Euroshareholders and EuroInvestors needs' assessment and matching them with the EU 2020 strategy and priorities. The following has been mentioned by the participants as the main priorities for Euroshareholders and EuroInvestors: Cross-border proxy voting facilitating 'EuroVote' (4 people), education of investors (3 people), supporting investors rights in the single market, implementation of and standardisation of the same values in all capital markets, adding at least one researcher/policy officer in Brussels.

With regard to the ESH/EFI problems to secure EU funding, the consultant made a couple of suggestions:

- ❖ Listening to the participants she suggested that there might be an **image problem** that we are facing. People generally perceive “investors” and “shareholders” as wealthy and as “capitalists” and therefore do not see the need to support them as “consumers” for example. Therefore, she suggested it might be important to work on our image by underlining that we represent and are concerned about wellbeing of e.g. 100 million European citizens who are neither poor nor rich. Also maybe to present our organization as ‘open society’ advocating for basic democratic rights, etc.
- ❖ The consultant advised to analyze our organizations’ priorities and match them with the EU mid-term to long-term priorities (especially Europe 2020 strategy – [click here to see an overview of priorities, headline targets and flagship initiatives](#)). She mentioned that currently EU budget is being planned for 7 years and the one for 2013-2020 is now being finalized.
- ❖ The consultant distinguished between two main sources of EU funding that are potentially accessible and interesting for us: **TENDERS** and **GRANTS**. She explained that while tenders are a form of outsourcing (buying expertise), grants are financing implementation of projects and activities in relation to EU policies. There are only very few cases when calls for proposals are for financing of organizations’ operations (so called structural funds). Following this thought it would be advisable to try to get funding for a specific project<sup>1</sup>.
- ❖ Judith Niesse developed a bit on a subject of **partnership** with regard to a tender/grant funding project. If an organization realizes that it is not able to conduct the project alone, it is good to look for partner(s), e.g. university.<sup>2</sup> In order to identify a partner there are following steps:
  - Put your name on an EC ‘looking for partners’ list for specific call of proposal (for example see [LifeLong Learning Project Partner Search](#))
  - Participate in an ‘information day’
  - Become a member of a transnational network (that allows to get to know organizations with similar goals in other countries)
  - Consult a technical assistant (e.g. EC agencies, check consultations’ compendia about past calls for tender, etc.)

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<sup>1</sup> Putting aside the current efforts to get funding for operations of the organization as BEUC (the European Consumer Organization) already gets (€1.35 million per year) and as Finance Watch was promised to get (€ 1 million in 2012). For more info see [EC funding landscape of EuroInvestors and Euroshareholders](#)

<sup>2</sup> Example: EFI has already been involved in such a project partnership together with CEPS (Centre for European Policy Studies) and a German university. Unfortunately the German university backed out in the last moment



One of participants suggested possibility of contacting commercial consultants<sup>3</sup> who are hired by the EC and get into partnership with them, but Judith Niese warned that we need to be extremely cautious while dealing with the consultants.

- ❖ Judith underlined the importance of the **quality control**: before submitting the application for call for proposal she advised to make a check list to make sure that the file is complete. She emphasized significance of proper language, presentation, form and the adequacy of the budget.
- ❖ The consultant drew the attention to other than the EC potential sources of financing: the **European Parliament** (EP parties have some funding for some studies and surveys), the **Economic and Social Committee** (funding for studies, papers), **EU presidencies** (currently Polish, next one is Danish –preparation is currently undergoing; funding for a potential conference)
- ❖ Using word '**advocacy**' instead of '**lobbying**' (advocacy is defending interests of society while lobbying is acting in somebody's own interest)
- ❖ While applying for EU funding it's important to have alliances on all levels

During the brainstorming sessions, following ideas have been developed:

- ❖ **EuroVote** – project to facilitate implementation of the shareholders' right Directive: maybe we could ask for funding that would allow us to expand the existing service by developing our web-based platform, add more languages, make a campaign to raise awareness and inform investors about this tool. At the same time we could share with the EC our findings on the state of the enforcement of the shareholders' right directive in the member states and persisting problems. DG MARKT was so far refusing to finance operations of EuroInvestors, but if we would present it as a kind of study, maybe they would finance it. We could also look at it from the perspective of DIGITAL SOCIETY flagship initiative and other EC DGs.
- ❖ Creation of a model of **financial education** for an average person on the basis of resources owned by member organizations. Many of our member organizations have great educational materials that could be pulled together and translated in order to create universal educational material that could be used to provide financial education all over Europe. This could fit potentially fit into the Europe 2020 strategy principle of SMART GROWTH (flagship initiative EDUCATION) or EMPLOYMENT AND SKILLS flagship initiative under the INCLUSIVE GROWTH

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<sup>3</sup> Recently we have been contacted by such consultants asking us to provide our feedback by filling in a long questioner regarding application of the EU Takeover Bids Directive. Of course they wanted Euroshareholders' members to do that for free while they receive a lot of money from the EC for conducting the study. Secretary General asked them if there would be a possibility for them to pay for this 'service' they were asking us to perform. So far we have not received any reply.

principle. *Food for thought: Raising competencies of citizens is sustaining basic rights in Europe; full employment – full capacity, adult education (non-formal education), increasing competitiveness of citizens on the labour market, etc.*

- ❖ Preparing a **conference or seminar** on e.g. **financial education of citizens** (EMPLOYMENT AND SKILLS flagship initiative under INCLUSIVE GROWTH principle), or ‘**International Pension savers conference**’ (this would be under DG Social Affairs), or **promoting investing in innovation** (meeting INNOVATION flagship initiative under SMART GROWTH Europe 2020 principle) or in **Socially Responsible Investment** (SUSTAINABLE GROWTH principle), or providing **financial education for women** by the same increasing their capabilities and levelling off their chances on the labour market (DG Social Affairs or Justice)

Next steps: identifying all possible ‘entries’, trying to match EuroInvestors/Euroshareholders priorities with the EU ones and on the basis of that building a sustainable strategy for both organizations.

# Letter to the President of the European Commission

Brussels, 19 September 2011

Mr. José Manuel Barroso

President of the European Commission  
1049 Brussels, Belgium

Mr. President,

The European Federation of Investors and other financial services users (in short “EuroInvestors”) represents and defends the interests of the hundreds of millions of European individual financial services users, and is grouping the organisations pursuing the same objectives at a national or international level.

EuroInvestors was created in 2009, following:

- the financial crisis which demonstrated the limits of the almost exclusive dialogue between regulators and the financial industry, largely ignoring the user side,
- and your subsequent public commitment to propose funding for investors’ stakeholders.

Indeed, you as president of the Commission rightly and publicly identified this Crisis factor, in particular in your public communication of 4 March 2009 “Driving European recovery”:

**«The interests of European investors, consumers and SMEs, must be at the centre of the reform... The Commission will ... ensure that the voice of European investors is much more strongly heard on all financial issues.**

**The Commission therefore proposes to provide direct funding to facilitate the capacity-building of investor stakeholders to represent their interests in financial services policies at EU level... A proposal will be presented by the end of 2009”.**

EuroInvestors gathers already about 50 national organizations of investors and other financial services users, which – in turn - count more than four million European citizens as members. We have published many position papers on European financial issues, and we are actively contributing to the European financial consultative initiatives and bodies like the Commission’s Financial Services User Group (FSUG) or the ESAs “Stakeholder Groups”.

But, unfortunately, your 2009 commitment never materialized.

Later in 2009, DG Internal Market staff told us that they would not be ready for issuing this proposal in 2009, and advised us to apply for the DG Health & Consumers yearly funding tender for European Consumer Organizations, with their support. We therefore applied for € 95,000 of this € 1.1 million funding tender. We were not granted anything. The main substantial reason given by your Services for rejecting our application was that we did not mention “safety” as one of our primary objectives in our bylaws. But “safety” was neither mentioned as such in the bylaws of BEUC (the European

Consumer Organization), which was awarded 100% of the amount “tendered” by the Commission like in the previous years.

In 2010, the Internal Market Commissioner told us he would provide a funding help for us. But early 2011, we were redirected for this issue to the Director General of the Internal Market. He told us European financial services users’ representatives would not get one cent, but that he would support a new application from us to the DG Health & Consumers yearly funding tender for European Consumer Organizations. But we subsequently found out that this so-called “tender” was no longer available and had been entirely attributed again to BEUC in 2010, but this time for four years, with a significantly increased yearly amount of € 1.35 million (total EU funding to BEUC amounted to € 2.0 million last year).

Then a few weeks ago, the Internal Market Commissioner wrote to several of our members that the Commission would not fund European financial services users representatives, but that it would put aside one million Euro for newly created “Finance Watch” as a “*centre for financial expertise*” in its 2012 budget proposal. Contrary to what he wrote, Finance Watch:

- will not reinforce the voice of users of financial services, as it clearly aims at speaking for the “civil society” as a whole; not the one of the savers and other financial services users who already have their own European representation. EuroInvestors – like BEUC – is a founding member of Finance Watch, but it is very clear that Finance Watch does not represent EuroInvestors and does not speak for it.
- and does not currently consider to “*support our capacity to develop more robust contributions ensuring adequate representation*” of our interests at European level. Quite the contrary: we are paying a membership fee to FW and we contribute to the work of its board and of its working groups.

Unlike general purpose consumer representatives and other citizens’ constituencies who are also members of Finance Watch, we still do not get one cent of support from the European Authorities. We have very limited resources and will have to terminate our European Federation if the Commission still does not meet its 2009 public commitment. This would be terrible news, not only for the European savers again deprived of any dedicated advocate at the EU level, but also for the European democracy at a time when the deepening of the financial crisis only reinforces the diagnostic you rightly made two years ago.

Therefore, before you finalize your funding proposal to the European Parliament, we ask to meet with you and that you consider revising its allocation and purpose in order to meet your 2009 commitment to the European savers and other financial services users.

Best regards,  
Guillaume Prache  
Managing Director  
EuroInvestors

c.c. Michel Barnier, European Commissioner for Internal Market and Services

## Membership Fees 2011

n°	Country	Organisation	Proposal 2011	Paid 2011
1	Austria	IVA	1 210,00	1 210,00
2	Belgium	VFB	1 210,00	1 210,00
3	Belgium	INVESTA	550,00	550,00
4	Bulgaria	SHA	250,00	-
5	Cameroon	ODAM	250,00	250,00
6	Denmark	DAF	2 750,00	2 750,00
7	Finland	OK ry	1 650,00	1 650,00
8	France	ADAM	3 300,00	3 300,00
9	France	FFCI	3 300,00	3 300,00
10	Germany	DSW	9 900,00	9 900,00
11	Greece	AABA	1 650,00	-
12	Iceland	ASHSS	3 300,00	3 300,00
13	Italy	Assorisparmio	2 000,00	-
14	Lebanon	Beyrouth	550,00	550,00
15	Lithuania	LSA	550,00	550,00
16	Luxembourg	INVESTAS	550,00	550,00
17	Malta	MAGOSA	125,00	125,00
18	The Netherlands	VEB	8 250,00	8 250,00
19	Norway	Aksjonaerfor.	550,00	550,00
20	Poland	SII	550,00	550,00
21	Portugal	ATM	550,00	-
22	Romania	AAR	250,00	250,00
23	Slovenia	VZMD	550,00	550,00
24	Spain	ADA	550,00	x
25	Spain	ADICAE	550,00	-
26	Spain	AEMEC	1 210,00	1 210,00
27	Sweden	SARF	11 000,00	11 000,00
28	Turkey	BORYAD	550,00	550,00
29	UK	UKSA	550,00	550,00
<b>Total</b>			€ 58 205,00	€ 52 655,00

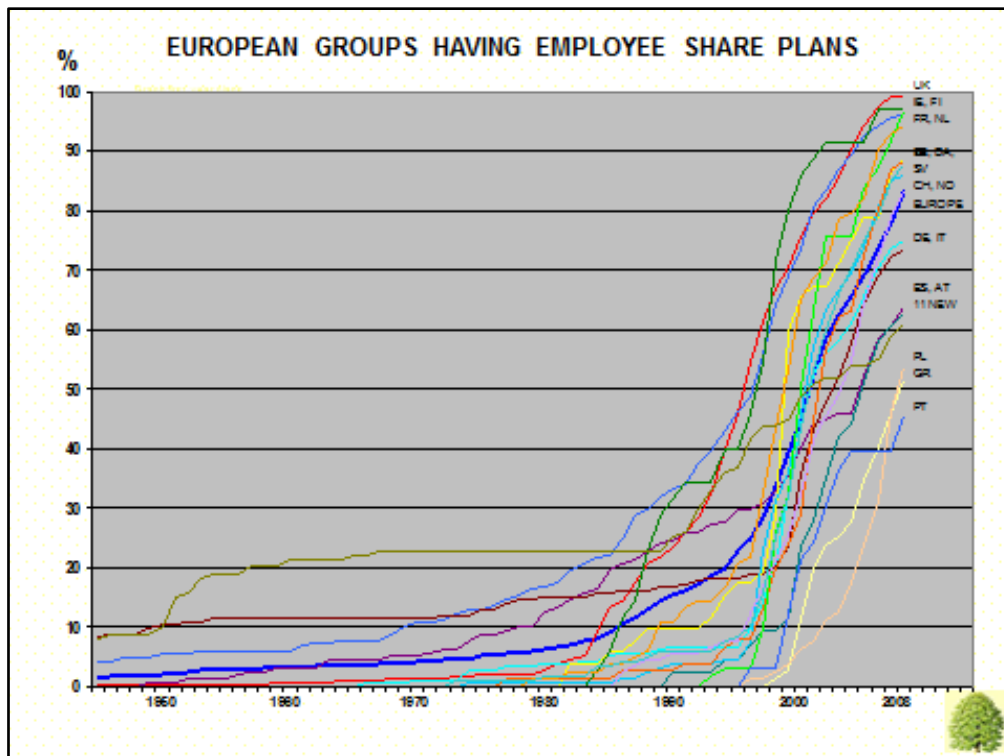


# EUROPEAN FEDERATION OF EMPLOYEE SHAREOWNERSHIP (EFES)

Presented by

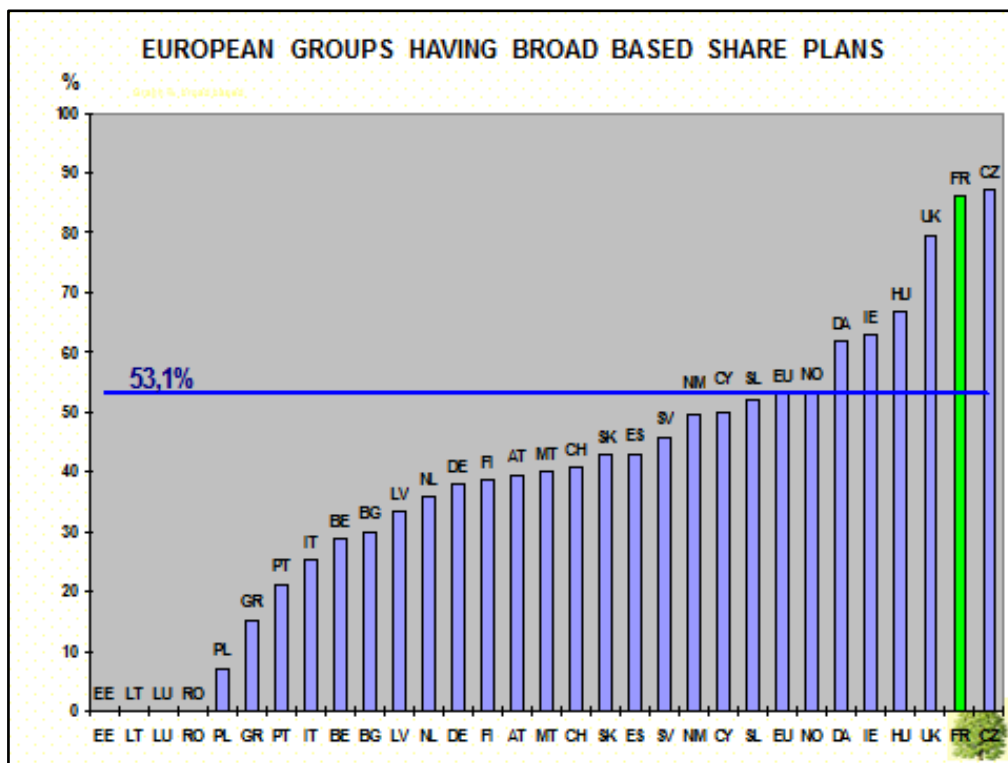
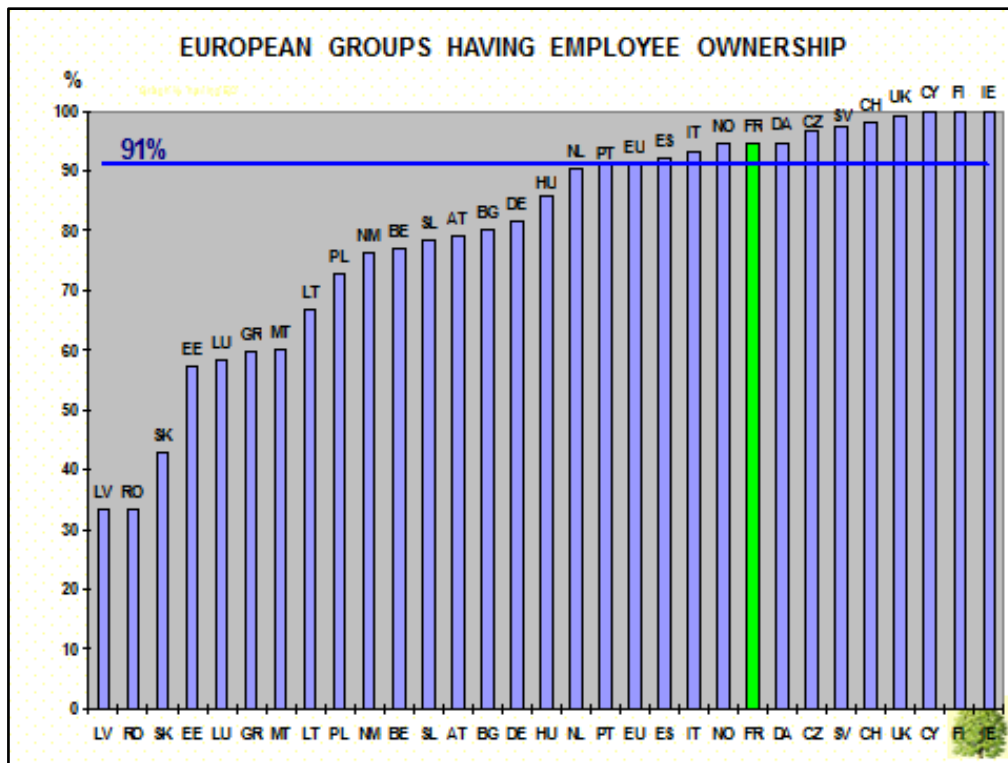
**GUIDO ANTOLINI**





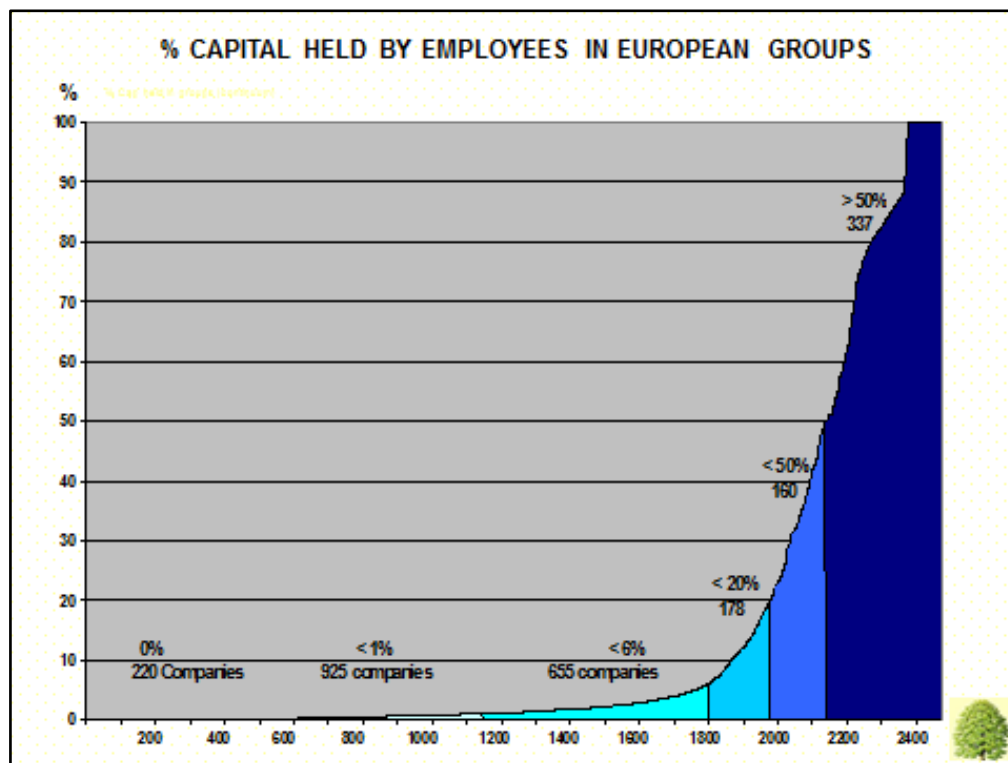
## DEMOCRATISATION PROCESS

- Number of companies
  - Companies having share plans
  - Companies having broad based plans
  - Number of countries
  - Number of employee owners
  - % employee owners / all employees
  - Capitalisation held by employees
- A small tree icon is visible in the bottom right corner of the slide area.





- ➡ **10 million employee owners**
- ➡ **200 billion Euro**
- ➡ **20.000 Euro each**



Category N, EO

## Classification

<b>up to 1%</b>	<b>insignificant</b>
<b>1 to 6%</b>	<b>significant</b>
<b>6 to 20%</b>	<b>strategic</b>
<b>20 to 50%</b>	<b>determining</b>
<b>over 50%</b>	<b>controlling</b>



Category N, EO – ALL GROUPS

## Classification

		ALL GROUPS	
<b>up to 1%</b>	<b>insignificant</b>		
<b>1 to 6%</b>	<b>significant</b>	<b>53.4%</b>	<b>1.332</b>
<b>6 to 20%</b>	<b>strategic</b>	<b>27.3%</b>	<b>676</b>
<b>20 to 50%</b>	<b>determining</b>	<b>20.1%</b>	<b>497</b>
<b>over 50%</b>	<b>controlling</b>	<b>13.6%</b>	<b>337</b>



# CORPORATE GOVERNANCE



**Thank you for your attention**  
**For more information**

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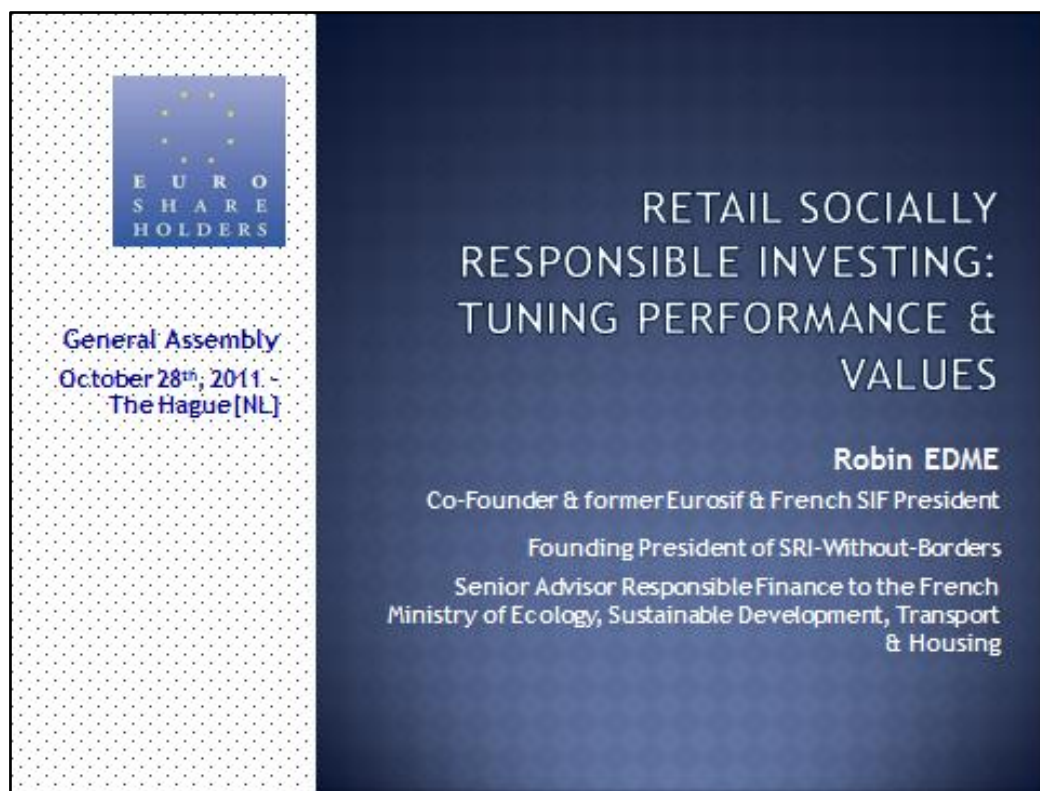
**Avenue Voltaire 135, B - 1030 Brussels**



# Retail Socially Responsible Investing: Tuning Performance & Values

Presented by

**ROBIN EDME**



## KEY FACTS & FIGURES ON SOCIALLY RESPONSIBLE INVESTING [SRI]

Euroshareholders General Assembly

October 28th, 2011

### WHAT SRI IS ABOUT?

- ⊙ **SRI is an investment process...**
  - ... in which Environmental, Social & Governance [ESG] criteria are taken into account along with the usual financial criteria
    - These criteria can be used either negatively [negative screening] or positively [positive screening], or a mixed of the two
  - ... where the voting rights attached to the stock are being exercised to promote CSR practices
- ⊙ **The approach to the use of ESG criteria can differ...**
  - E + S + G [French approach]
  - E or S or G or any combination [Eurosif approach]
- ⊙ **... which entails, for example, a different view of thematic funds**
  - Environmental funds (water, alternative energies...) are considered as SRI funds from an Anglo-saxon point of view...
  - ... as they are not necessarily considered as such by the French industry if they do not take into account E+S+G criteria

Euroshareholders General Assembly

October 28th, 2011

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## LET'S MAKE SURE WE TALK ABOUT THE SAME THING...

© Many « alike » concepts although very different in their meaning

- [Socially] Responsible Investing
- Value-based investing
- Impact investing
- Micro-finance
- Community investing
- Responsible finance
- Green finance or investing [thematic funds]
- ...

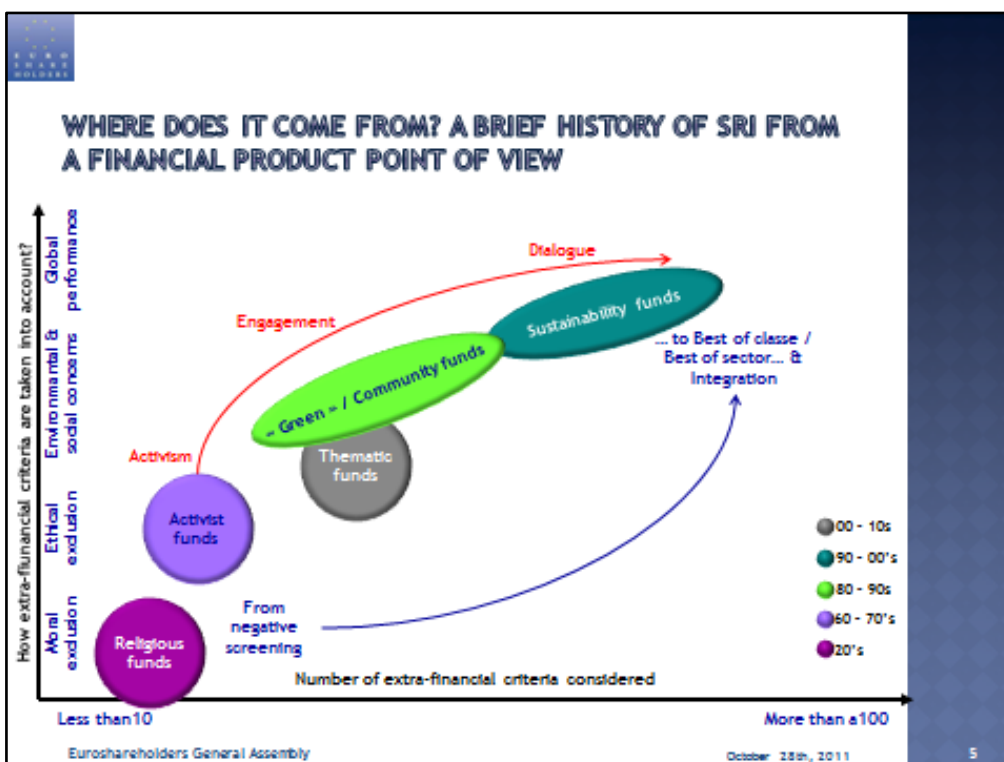
**e.g. How does SRI differ with micro-finance?**

- Although they aim at the same objective...
  - Changing the business model by implementing sustainable & responsible corporate management practices [Value-based]
  - Economic & social performance are intertwined
  - Long term investments
- ...they differ in terms of...
  - Size
  - Investment universe
  - Performance scale
  - Profit requirement by the investor

Euroshareholders General Assembly

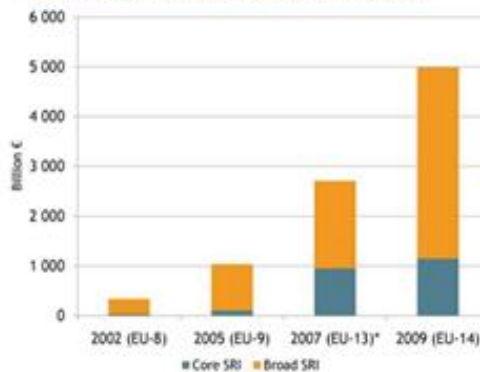
October 28th, 2011

4



## EUROPEAN SRI AUM ALMOST DOUBLED SINCE 2007 & SHOWED HIGH RESISTANCE THROUGH THE 2007 & 2008 CRISIS...

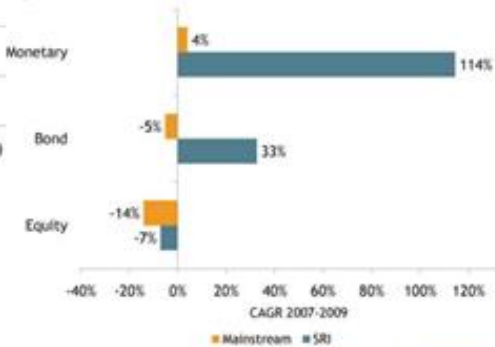
FIGURE 1: Core and Broad SRI in Europe, 2002-2009



Source: Eurosif 2010 Survey

Euroshareholders General Assembly

FIGURE 2: Growth of SRI and Mainstream Funds 2007-2009, by Asset Class



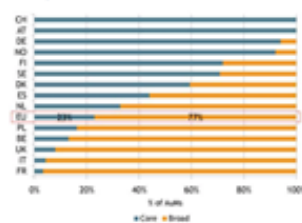
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## CORE VERSUS BROAD SRI: THE INVESTMENT STRATEGIES INVOLVED

- CORE SRI is composed of the following strategies (with possible combinations):
  - Norms- and values / ethical-based exclusions (3 or more criteria)
  - Positive screening, including Best-in-Class & SRI thematic funds
- Broad SRI is composed of the following strategies:
  - Simple screening (1 or 2 exclusion criteria)
  - norms-based or values / ethical based)
  - Engagement
  - Integration

FIGURE 4: Share of Core and Broad SRI in Total SRI Assets by Country



CORE SRI

BROAD

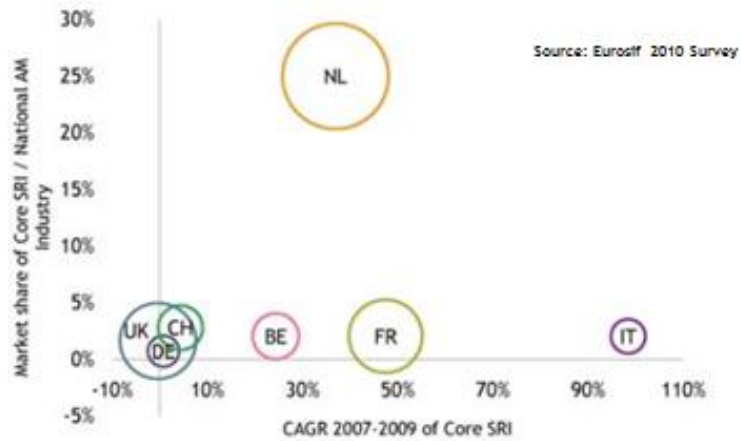
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... WHICH LEAD TO AN ESTIMATED OVERALL 2.5 TO 4%  
MARKET SHARE IN 2010 WITH THE EXCEPTION OF THE NL

FIGURE 3: Growth, Market Share and Size of Core SRI



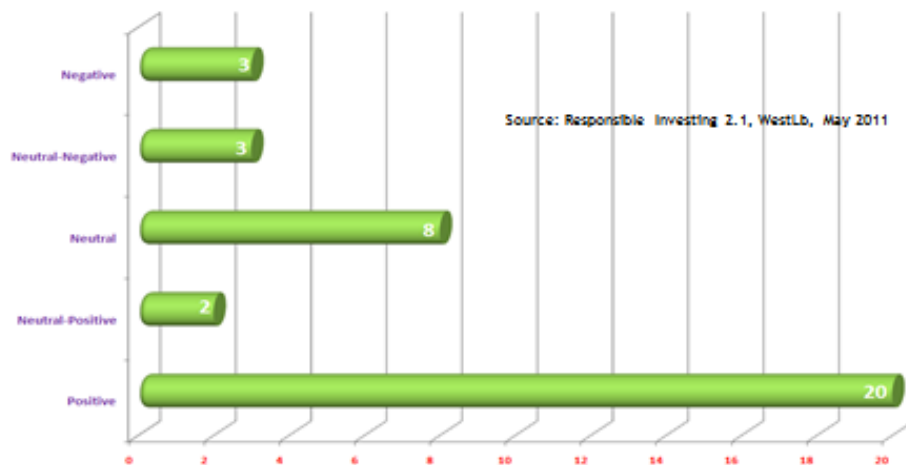
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PERFORMANCE IS NO MORE AN ISSUE, WHETHER FROM AN  
ACADEMIC POINT OF VIEW...

Relationship between ESG factors & financial performance: Analysis of 36  
studies [Mercer, 2007 & 2009]

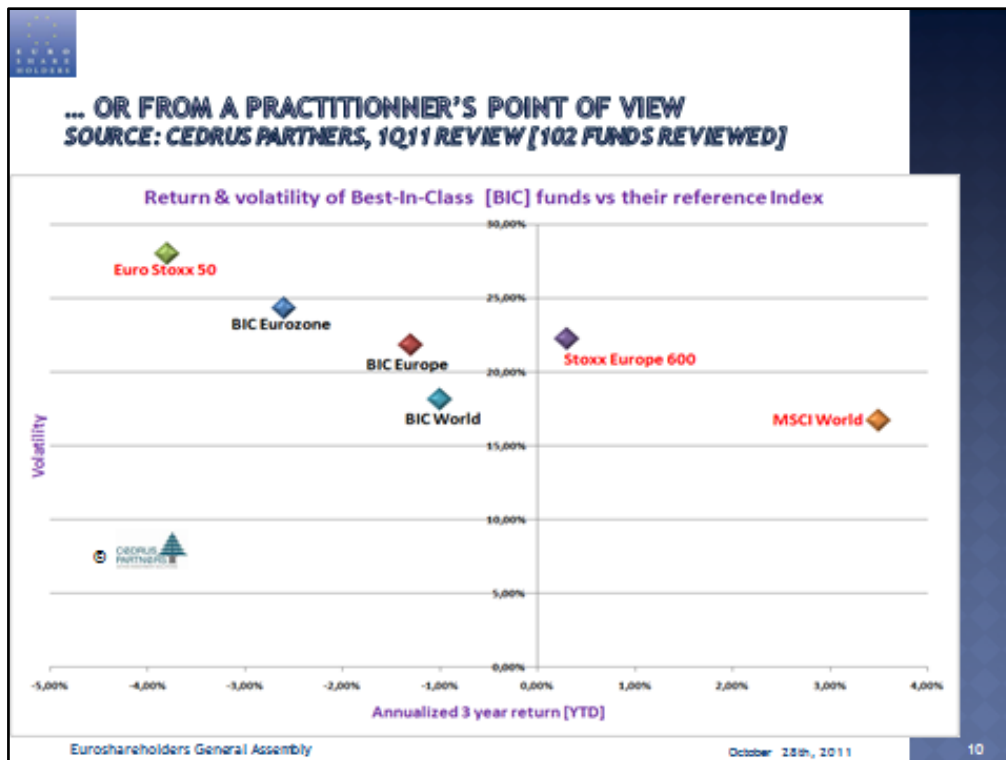


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SRI IS A MATURE MARKET IN TERMS OF PRODUCTS & TOOLS

- SRI covers today all the range of asset classes...
  - Equity (listed & Private equity)
  - Bonds (corporate / sovereign)
  - Monetary
  - Real Estate investments...
- ... & a large range of financial instruments
  - Naturally UCITS
  - Funds of funds
  - Index funds
  - ETF... and tomorrow *structured & alternative funds*
- ... and benefits from developing tools & methodologies
  - Extra-financial rating agencies
  - Increasing number of SRI indices, the latest being the MSCI ESG series [2011]
- Brief worldwide review of sustainable stock exchanges [2010, EIRIS]
  - The Istanbul Stock Exchange (ISE) and the Brazilian Stock Exchange (BM&FBOVESPA) signed the PRI
  - Indonesia Stock Exchange introduced the KEHATI-SRI Index
  - Shanghai Stock Exchange established the Social Responsibility Index
  - Egyptian Exchange launched the S&P/EGX ESG Index, the 1<sup>st</sup> ESG index in the Middle East & North Africa
  - Korean Stock Exchange launched its SRI Index
  - NYSE Arca began trading the ESG Shares North America Sustainability Index ETF, which consists of equity securities of issuers in North America that meet specific ESG criteria
  - Johannesburg Stock Exchange, as part of its implementation of the PRI, upgraded its ESG reporting requirements to include integrated reporting on a 'comply or explain' basis

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## THE GROWTH OF THE SRI MARKET HAS BEEN SUPPORTED BY AN INCREASING REGULATORY FRAMEWORK (WHETHER NATIONAL LAWS OR INDUSTRY INITIATIVES)

- Current regulatory framework**
  - For Pension Funds & assimilated
    - 2000/
    - 2001 / + + [FRR & Employee Savings Plans]
    - 2004 / +
    - 2005 / + [2008 / Enlarged to all complementary pension funds]
  - On related issues
    - 2001 (revised 2010) / : Corporate integrated reporting
    - 2008 / : Corporate integrated reporting
    - 2010 / : A.M to disclose on how ESG factors are being incorporated into their investment strategies and voting policies
- Current industry initiatives**
  - 2005 (revised 2010) / European Transparency Code for Retail Funds
  - 2006 /
  - 2009 / : Novethic label for retail funds
  - 2011 / Transparency logo

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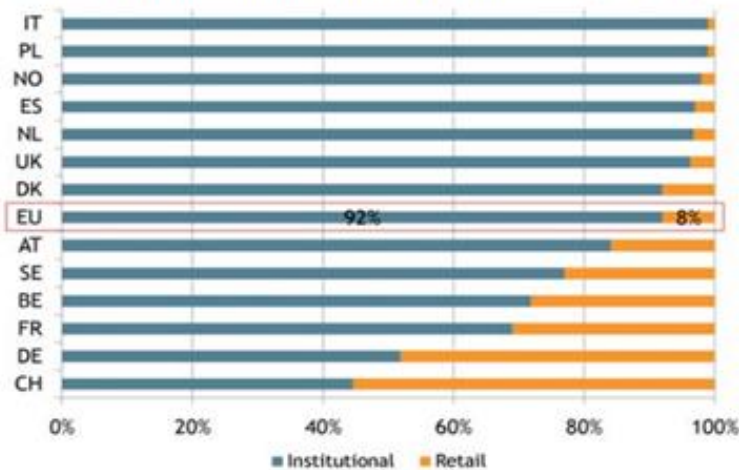
## RETAIL SRI IS STILL LAGGING

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**THE EUROPEAN SRI MARKET REMAINS DRIVEN BY INSTITUTIONAL INVESTORS, REPRESENTING 92% OF THE TOTAL EU SRI MARKET**

**FIGURE 7: Institutional vs. Retail SRI Investors by Country**



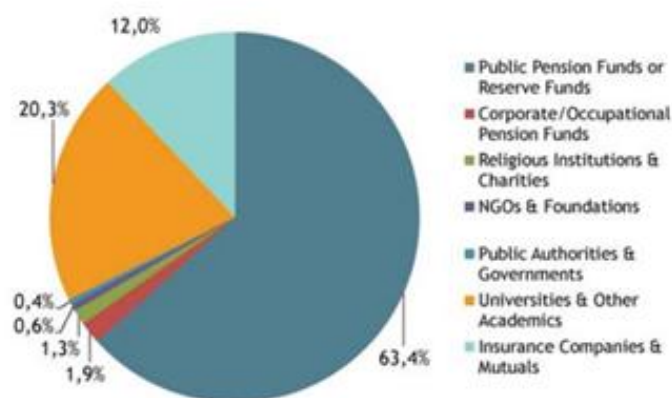
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**PUBLIC PENSION FUNDS AND RESERVE FUNDS LEAD THE WAY, FOLLOWED BY UNIVERSITIES AND INSURANCE COMPANIES**

**FIGURE 8: Type of Institutional Investors (by Volume of SRI Assets)**



Rethinking Asset Management Task Force

June 10th, 2011 - Third session

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## HOWEVER, SINCE 2008, THE SHARE OF RETAIL INVESTORS HAS INCREASED IN ALMOST ALL THE COUNTRIES

- In particular, Austria, Germany, Belgium and France have seen the share of their retail markets increase notably
- By 2013, the share of sustainable investments in HNWLs' portfolios will have increased to 15%, just below the €1.2 trillion mark
- Among the 4 key top drivers for SRI demand in the next 3 years, demand from retail investors comes in 4<sup>th</sup> position, after
  - Demand from institutional investors
  - International initiatives
  - External pressure (NGOs, Media, Unions)

### Case study: the French SRI market

- Overall Core market size: 68.3 billions aum in 2010 (+35% since 2009)
  - Retail market share = 16, 25% of total (28% of UCITS market share = 41.1 billion €)
  - Increasing by 22% since 2009
- Employee Savings Funds
  - Market share = 3% of total aum (7% of mandates = 28.2 billion €)
  - Increasing by 67%
- Total Retail
  - Market share = 19%
  - Average Increase = 28.7%



## CURRENT BALTIC MARKET PARTICIPANTS PREDICT AN AVERAGE GROWTH OF THEIR TEAMS BY 20% AND THE SRI AUMS TO RISE BY 30%.

- The SRI market in the Baltic states of Estonia, Latvia & Lithuania is yet to take off
  - The 1<sup>st</sup> specialized SRI fund was launched in Estonia in 2008 (New Europe Socially Responsible Fund, Limestone Funds)
  - BaltCap, which operates in all three Baltic countries, has signed up as a PRI signatory
  - Investing in SEB Ethical Europe Fund is also offered by local asset manager SEB Asset Management
- Currently the only locally-managed SRI fund has a total of €16 million worth in aum
  - It employs proxyvoting, direct engagement conducted privately, filing and co-filing of shareholder resolutions as its main engagement practices
- The total amount of assets currently in Baltic pension funds is as follows:
  - ~ €1.07 billion (16.8 billion EEK) in Estonia
  - ~ €257 million (94.5 m LVL) in Latvia
  - ~ €321 million in Lithuania

## INDUSTRY INITIATIVES & REGULATORY FRAMEWORK WHICH COULD ENHANCE RETAIL SRI GROWTH

### • SRI National Weeks



### • Labels



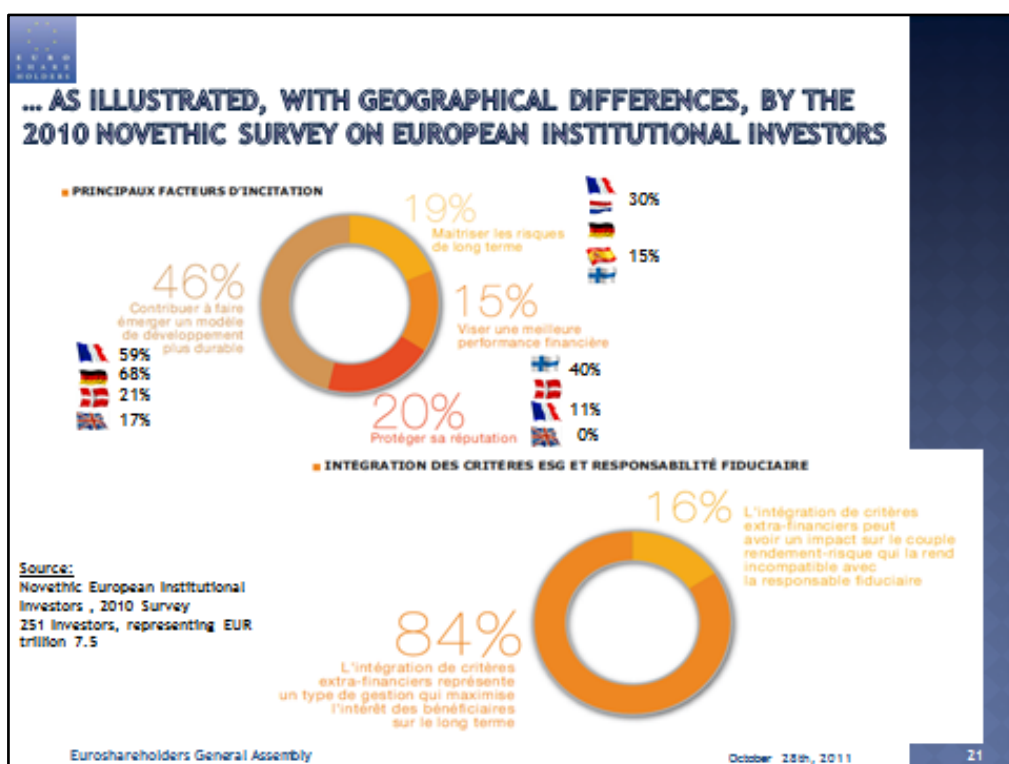
### • The pioneering French law [Art. 224 of the Grenelle II Law]

**FUTURE TRENDS  
WHY SHOULD RETAIL INVESTORS  
TAKE UP SRI?  
BECAUSE IT HELPS YOU ALIGNING  
YOUR VALUE REQUIREMENTS WITH  
YOUR VALUES...**

**THE FUTURE OF FIDUCIARY DUTY: FROM A « CAN » TO A « SHOULD » APPROACH OF ESG CONSIDERATIONS**

- ③ SRI does not contradict the obligations derived from the fiduciary duty of the investor
  - A trustee's duty is not necessarily to maximize the return on investments but rather to secure a "just" or "reasonable" return while avoiding undue risk [Baltimore case, January 1989]
  - The Department has expressed the view that the fiduciary standards of sections 403 and 404 do not preclude consideration of collateral benefits, such as those offered by a "socially- responsible" fund, in a fiduciary's evaluation of a particular investment opportunity. *However*, the existence of such collateral benefits may be decisive only if the fiduciary determines that the investment offering the collateral benefits is expected to provide an investment return commensurate to alternative investments having similar risks [PWBA Office of Regulations and Interpretations-US DOL, May 1998]
- ③ The case for mandatory integration [Freshfield report, October 2005 & UN PRI, January 2006]
  - Integrating ESG considerations into an investment analysis so as to more reliably predict financial performance is clearly permissible and is arguably required in all jurisdictions
  - ESG considerations must be integrated into an investment decision where a consensus amongst the beneficiaries mandates a particular investment strategy

Rethinking Asset Management Task-Force October 28th, 2011 20





## THE CASE FOR RESPONSIBLE OWNERSHIP IS NOW OVERWHELMINGLY RECOGNISED

### ② UN PRI [Principles for Responsible Investing]

- The 6 Principles: « We will...
  1. Incorporate ESG issues into investment analysis and decision-making processes
  2. Be active owners and incorporate ESG issues into our ownership policies and practices
  3. Seek appropriate disclosure on ESG issues by the entities in which we invest
  4. Promote acceptance and implementation of the Principles within the investment industry
  5. Work together to enhance our effectiveness in implementing the Principles
  6. Each report on our activities and progress towards implementing the Principles"
- 940 signatories, representing USD 30 trillion aum, amongst which 235 are asset owners

### ② A mandatory Statement of Investment Principles (« SIP ») required by Eurosif since April 2009

- ... in which trustees would state the extent to which ESG considerations are taken into account in the selection, retention and realisation of investments and their policy in relation to the exercise of the rights (including voting rights) attached to investments

## RESPONSIBLE OWNERSHIP IN PRACTICE...

### ② Sustainability

- Fiduciary duty: optimising return under constraints

### ② Solidarity

- Investment policy compliant with « the respect of a certain number of collective values favouring a balanced economic, social & environmental growth » [Supervisory Board decision of April 2nd, 2003]

### ② Responsibility

- Economic motivation: financing the economy...

### ② LT Performance

- ... whilst optimising externalities (i.e. reducing negative impacts & leveraging positive impacts)

### ② Transparency

- Exemplarity / Reputation

Fonds de Réserve pour les Retraites

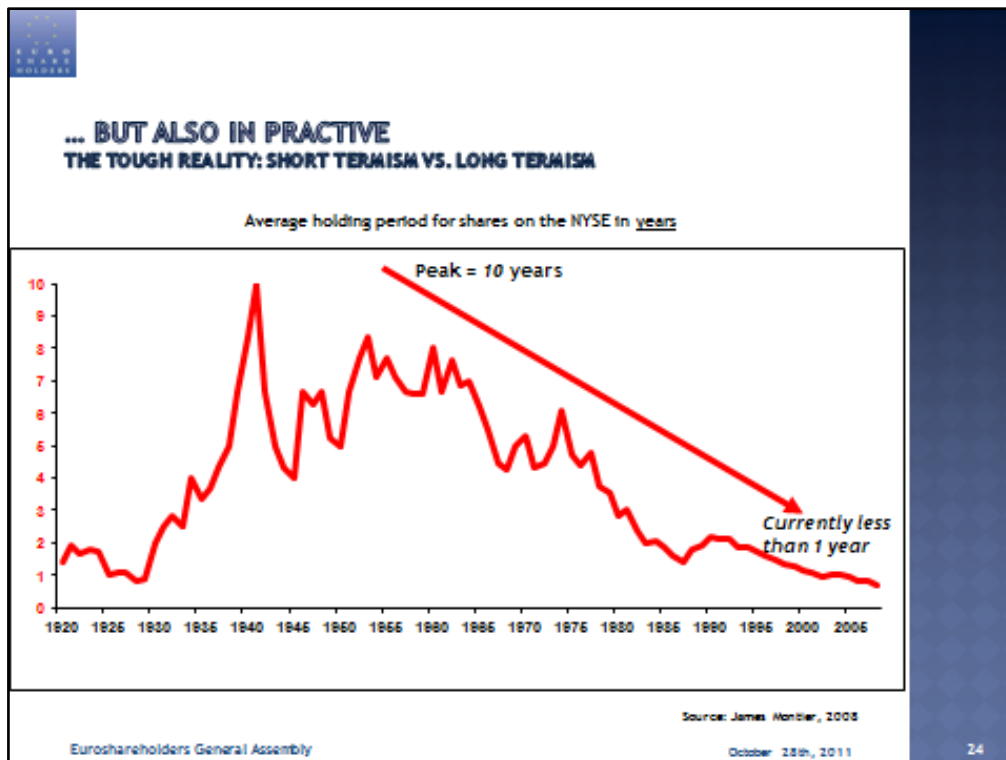
- ② Firstly, the Fund should be managed with a view to achieving high return that will enable coming generations to benefit from the country's petroleum wealth

- ② Secondly, the fundamental rights of those affected by companies in which the Fund invests should be respected

- ② This ethical basis is promoted through two instruments

- exercise of ownership rights
- exclusion of companies from the Fund's investment universe [Ethical guidelines, 2004]

Norwegian Pension Funds



**RESPONSIBLE ASSET MANAGEMENT SHOULD ALSO COVER  
MANAGEMENT TECHNIQUES & AVOID UNSUSTAINABLE INVESTMENT  
UNIVERSES & CONFLICTS OF INTERESTS**

<p><b>Classical SRI scope of interest</b></p> <ul style="list-style-type: none"> <li>• Integrating ESG criteria in the investment analysis process</li> <li>• ... and corporate engagement (including the exercise of voting rights)</li> <li>• + thematic funds</li> </ul>	<p><b>Implementing responsible management techniques</b></p> <ul style="list-style-type: none"> <li>• Increasing the average holding period             <ul style="list-style-type: none"> <li>▪ Favouring LT management approaches</li> </ul> </li> <li>• Reducing highly speculative practices             <ul style="list-style-type: none"> <li>▪ High frequency trading</li> <li>▪ Favouring ESG criteria when choosing alternative financial instruments</li> </ul> </li> <li>• Avoiding speculative strategies having a negative impact on society             <ul style="list-style-type: none"> <li>▪ Agricultural products &amp; land / Commodities / Natural resources...</li> </ul> </li> </ul>
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**Avoiding potential areas of conflicts of interest**

- Proprietary vs third-party management
- Exercise of voting rights vs Securities lending
- Exercise of voting rights when the mother company has corporate Board representatives

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## STRENGTHENING CUSTOMER PROTECTION, BY...

- ④ **Reinforcing transparency (KID / Terms Sheet)**
  - Building on the experience of the European Transparency Code for SRI funds, e.g.
    - Describing the impact on value of extreme market scenarios (structured products)
    - Providing the breakdown of remuneration between the intermediaries
      - cf. the « soft dollar » issue & the EAI [Enhanced Analytical Initiative] response
    - Clarification on the guarantees provided by the intermediaries
    - Independent & contradictory calculation of the net asset value [NAV] (structured products)...
- ④ **Homogeneising custodian legal obligations**
  - Particularly relevant in the case of funds of funds
- ④ **Revisiting the Best execution / Best selection requirements**
  - Cf. volume of transactions assigned by management companies to brokers of the same group
- ④ **Linking asset management remuneration to risk & ESG criteria**
- ④ **Allowing class actions in particular for Retail funds**

## RECOMMENDATIONS: FOOD FOR THOUGHT...

- ④ **Dealing simultaneously with the 2 sides of the coin: Investors AND Issuers**
  - The French case: Art. 224 [ESG integration in the investment & voting policies of asset management companies] and 225 [Integrated corporate reporting] of the Grenelle II law
- ④ **Promoting SRI , on a « Comply or explain » basis, through the entire value chain**
  - Requiring a mandatory Statement of Investment Principles
    - Redefining the concept of fiduciary duty to include ESG consideration
  - Developing incentives in favour of LT management practices
    - Labels [?] / Tax incentives [?] / Remuneration [?] ...
    - Revisiting the « One share, one vote » rule
    - Mobilising private capital to support innovative, sustainable and inclusive growth
  - Increasing the transparency requirements
    - Especially in the case of complex financial products
  - Facilitating the exercise of cross-border voting rights
  - Launching a European Sustainable Stock Exchanges initiative
  - ...

**REBUILDING TRUST IN FINANCIAL MARKETS: THE 3 PILLARS OF RESPONSIBLE INVESTING IN THE FUTURE**

The diagram illustrates the three pillars of responsible investing, arranged in a triangle and connected by a grey line. A large blue arrow points from the bottom-left towards the top-left, labeled '2020'.

- Top-left (Red circle):** Financing the economy: EU 2020 strategy / Rio+20 Objectives / Millenium goals
- Top-right (Green circle):** ESG integration in the investment process & rights attached to the investments
- Bottom (Yellow circle):** LT vision: Non speculative asset management techniques

Scope of the « Financial Industry Covenant » to mobilise private capital in support to a green economy, launched by GLOBE Europe

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**BIOGRAPHY OF ROBIN EDME**

- Born in October 1956, Robin Edme is today a recognised European expert for his capacity to tackle complex and "hot" CSR and SRI issues; he developed strong Advocacy and lobbying expertise to national & European / EU public authorities (in particular in the fields of SRI, CSR reporting, cross-border voting rights, climate change financial tools and Human rights).
- He has recently joined the French Ministry of the Environment as Senior Advisor Responsible Finance to the Commissioner in charge of Sustainable development.
- Prior to that position, he was the Managing Partner of Maqassar, a pioneer Executive CSR & SRI Consulting company. He is one of the founders of the [Forum pour l'Investissement Responsable](#) (French Social Investment Forum) for which he served as President from July 2003 to March 2010. He is also one of the founders of [EuroSif](#) where he served as President from February 2004 to July 2009, and Vice-President in charge of European Affairs from July 2009 to March 2010.
- He has been appointed as Member of the Technical Advisory Committee of the GRI for 3 years, starting September 1<sup>st</sup>, 2011.
- He is currently:
  - Member of the Qualified Personalities College of the French Institute of Board Members (IFA / Institut Français des Administrateurs) (since 2008);
  - Board Member of European Partners for the Environment (EPE / [www.epe.be](#)) (since May 2010)
  - Member of the Task Force "Rethinking Asset Management" (CEPS / ECH).
  - He is also a Professor at the HEC Group (Master Finance, Executive MBA), EPF École d'Ingénieurs and at First Finance (SRI Seminar targeted towards Finance & Market finance professionals).
- Robin EDME has graduated from ENA and holds an MBA from HEC Business School; he also graduated from IEP Paris, holds a Masters in Public Law (Paris XI-Sceaux) and a Doctorate Degree in Industrial Policy (Paris IX-Dauphine).

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## FOR FURTHER INFORMATION, PLEASE CONTACT

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[robin\\_edme@voo.be](mailto:robin_edme@voo.be)



## Activity Report of the General Secretariat

From March 22<sup>nd</sup>, 2011 to October 20<sup>th</sup>, 2011

### *Key Terms*

**AMF** = Autorité des Marchés Financiers (French Financial Markets Supervisory Authority)

**BEUC** = The European Consumers' Organisation

**CESR** = Committee of European Securities Regulators

**DG MARKT** = Directorate General Internal Market and Services

**EBA** = European Banking Authority

**EC** = European Commission

**EFAMA** = European Fund and Asset Management Association

**EFI** = EuroInvestors (The European Federation of Investors)

**EFES** = European Federation of Employee Share Ownership

**EIOPA** = European Insurance and Pensions Authority, replaced CIOPS

**EPFSF** = European Parliamentary Financial Services Forum sponsored by the financial industries lobbies with a Steering Committee composed of currently 17 MEPs, and chaired by W. Klinz, MEP

**ESMA** = European Securities Markets Authority, should replace CESR

**FECEF** = The European Federation of Financial Advisers and Financial Intermediaries

**FSUG** = EC "Financial Services User Group" (created in 2011, replacing "FIN-USE")

**FW** = Finance Watch

**ICGN** = International Corporate Governance Network

**MEP** = Member of the European Parliament

**MiFID** = Markets in Financial Instruments Directive

**TACD** = Trans Atlantic Consumer Dialogue

### Lobbying: European Parliament

- Letter to and Meeting with Sharon Bowles, Chair of the ECON Committee (Economic and Monetary Affairs Committee of the EP), and Member of the Group of the Alliance of Liberals and Democrats for Europe in the EP
- Meeting with Olle Ludvigsson, MEP, Rapporteur of the ECON Committee 2012 Budget, Member of the Group of the Progressive Alliance of Socialists and Democrats in the EP
- Conference call with Sven Giegold, MEP, Shadow rapporteur on MiFID, Member of the Group of the Greens/European Free Alliance in the EP
- Speaker at the EPFSF Event on Investor Protection

- Participation to the EPFSF Event: “CRD IV: the new EU framework for capital and liquidity requirements”
- Meeting with the assistant of Sven Giegold, Green MEP (Germany)
- EPFSF Eventon “Crisis Management”
- Draft letter to ECON MEPs, commissioners and ministers of finance on the EC funding of investors representatives.
- Participation in the Globe EU lunch dialogue with financial institutions: “Green & Sustainable Growth, the Bottom Line for the European Financial Industry” (Globe EU is a cross-party group of MEP’s with an interest in shaping EU policy developments in the fields of environment, sustainability and global warming)
- Conference ‘Beyond Basel III: Towards a resilient EU banking sector’ organized by Philippe Lamberts, Member of the Group of the Greens/European Free Alliance in the EP
- EPFSF discussion on “Commodities”
- Dinner EPFSF event on “Building the future of E-Financial Services”

#### Lobbying: European Commission

- Letter to the President of the EC, Manuel Barroso on the funding of investor voice in Europe
- Meeting with Nadia Calvino, Deputy Director General of DG MARKT, Paulina Dejmek, Member of cabinet of the Commissioner of the DG MARKT, and Philippe Pellee, Deputy Head of Unit of Retail Financial Services and Consumer Policy (DG MARKT)
- Participation in the “FSUG” meetings as vice chairman
- Participation in the EC hearing on Collective Redress
- Selection of EFI’s representative appointed to the EC Expert Group on the Savings Taxation Directive
- Attendance in the conference on "Strengthening the Foundations of Integrated and Stable Financial Markets" jointly organized by the European Commission and the European Central Bank
- Meeting with Chris Redmond, Unit G2, DG MARKT

#### Position papers:

- Euroshareholders reply to the European Commission consultation ‘Towards a coherent European approach to Collective Redress’
- Euroshareholders' reply to the European Commission consultation on Withholding Taxes on Dividends
- Euroshareholders’ reply to the EC Green Paper on the EU corporate governance framework
- EuroInvestors’ reply to the EC Consultation on a new European regime for Venture Capital.
- EuroInvestors reply to the EC Consultation on the Social Business Initiative: Promoting social investment funds

#### Finance Watch

- General Meeting and Board election of Finance Watch on June 30<sup>th</sup>, 2011 (EuroInvestors was elected a Finance Watch Board Member)

- Meetings with Ieke van den Burg, Member of the Scientific Committee of the European Systemic Risk Board and chair of FW
- Meetings with Thierry Philipponnat, Secretary General of FW
- Meeting with Monique Goyens, Director General of BEUC and vice-chair of FW
- Dinner organized by FW with MEPs on October 17<sup>th</sup>, 2011
- FW Board Meetings on August 4, September 5 and October 18<sup>th</sup>, 2011

#### European Supervisory Authorities

- Three members of EuroInvestors/Euroshareholders appointed to the ESMA's European Securities and Markets Stakeholder Group (Jaroslaw Dominiak, Zita Ceponyte, Guillaume Prache), one to the EBA Banking Stakeholder group (Zita Ceponyte) and one to the EIOPA Pensions Stakeholder Group (Klaus Struwe)
- Protest letters to EIOPA, to EBA and to ESMA on, and discussions with Andrea Enria, Chairman of EBA
- Complaints filed with the European Ombudsman against EBA and EIOPA about their stakeholder group designations, in coordination with BEUC
- Joint meeting (EFI, ESH, BEUC, Alter EU) with the EC Ombudsman office on the EBA and EIOPA stakeholder groups decisions
- Meetings with Steven Maijoor, ESMA Chair
- Three ESMA stakeholder group meetings
- Meetings and conference calls with Sari Lounasmeri, CEO of the Finnish Foundation for Share Promotion, Katerina Papageorgiou, Gabriele Zgubig, Dorothea Mohn, Niamh Moloney, Judith Hardt: members of the ESMA stakeholder group
- ESMA MSG (Securities and Markets Stakeholder Group) chair elections – Guillaume Prache elected as its first Chair: only one of the four stakeholder groups to be chaired by the user-side

#### Conferences and other meetings

- Participation and speaking at shareholders and stock exchange conferences in Ljubljana, Slovenia.
- Participation in EcoDa Conference "Diversity: Going Over Board" (President Jella Benner-Heinacher was a panel speaker)
- SG speaker at the 'Savings and retail Banking in 2020' conference organized by the European Savings Banks Group
- SG speaker at the TACD (Trans-Atlantic consumer dialogue) conference on financial services
- Meetings with the Czech and Slovak candidate members to EFI
- Meetings with BEUC executives
- Participation in ALTER-EU Workshop "Lobbying group upstream in EU-decision making: Co-drafting EU regulations in the Commission's experts group"
- Participation in two Bruegel's Finance Focus Breakfasts: "The London – Brussels Nexus: Does EU Regulation Drag the City Down?" and "Central counterparties and the future global financing plumbing".
- Visit of students from University of Economics in Katowice; presentation on Euroshareholders and EuroInvestors; introducing EuroVote project
- Participation in AMF meetings

- Meeting with Patrick Starkman (AMF) on ESMA
- Participation in the New Insights in Business & Finance conference on “The New World Order”
- Attendance in Collaborative Venture Meeting: Financial Capability for Europe’s Youth and Retirees.
- Participation in ABBL (Luxembourg Bankers' Association) and ALFI (Association of the Luxembourg Fund Industry) walking dinner
- Attendance in Broad Stakeholder Group’s conference call on “Dismantling Giovanini Barrier 3: The Market Standards for Corporate Actions Processing & General Meetings”
- Meeting in Slovenia due to supporting project of Mercator’s shareholders
- Participation in Economic Policy Seminar “Banking crises in the late 19<sup>th</sup> century in France and Germany: lessons for today”.
- Meetings and conference calls with Ms. Judith Hardt, the FESE (Stock Exchanges) Secretary General
- WFIC Executive Meeting in Brussels
- Meetings with John Barrass, Deputy Chief Executive of APCIMS (The UK Association of Private Client Investment Managers and Stockbrokers) Partnership of ICGN Annual Conference
- Bruegel meeting ‘Economic Policy Seminar’
- Meeting with Robin Edme, former Eurosif director
- Meeting with Susannah Haan, Secretary General of EuropeanIssuers
- Meeting with Vincent Derudder, FECIF
- Meeting with Lucia Gaudet, Investment Management Association
- FAIDER (EuroInvestors’ member from France) meetings
- Phone call with Marc Mathieu, Secretary General of EFES
- Participation in the meeting organized by FECIF including EFAMA, AILO, etc.
- Bruegel meeting ‘Private pensions for Europe’
- AEIP (The European Association of Paritarian Institutions) 15th Anniversary
- Bruegel meeting ‘Banks and Investment Firms Capital Requirements’
- Conference call of the Joint Working Group for General Meetings
- Meeting with Jean-Baptiste de Franssu, consultant, former Chairman of EFAMA
- Meeting with Alain Dubois, President of Lyxor Asset Management
- Meeting with Mr. Antoine Dayez, a Belgian tax lawyer representing EuroInvestors in the EUSD Group (Expert Group on Taxation of Savings Income)

#### EuroVote Project

- EuroVote Working Group Meetings by Conference Call
- Attracting a partner –VIG (Vienna Insurance Group) thanks to IVA (ESH Austrian member)
- Press conference and press release on EuroVote and Euroshareholders’ voting guidelines on April 7<sup>th</sup>, 2011
- Meeting with Arcelor Mittal in Luxembourg
- Sealing the partnership agreement with Arcelor Mittal
- Meetings with Carole Wintersdorff (Arcelor Mittal)

## Communications

- Interviews with the Financial Times, La Libre, De Tijd, Investments & Pensions Europe and Turkish and Slovenian TV channels and newspapers
- Joint Press Release of BORYAD and Euroshareholders to support BOYARD in Turkcell board elections
- Press release on Mercator share ownership situation Press release and press conference on EuroVote
- Press release on EuroInvestors and BEUC filing complaints with the European Ombudsman against the March 2011 nominations of the members of the EBA and EIOPA Stakeholder Groups
- Joint press release on Dexia restructuring
- Joint EuroInvestors, CFA Institute and FESE press release regarding MiFID II proposal
- Many News posted on the Euroshareholders and EuroInvestors website
- Summer and autumn issue of a quarterly Newsletter
- Creation of the Euroshareholders' [Facebook account](#)
- Meetings with journalists from the FT and La Libre Belgique (Belgian daily)

## Internal & Admin

- Board Meetings and General Assembly preparation ( Beirut meeting on June 24<sup>th</sup>, 2011, Board Meeting by conference call on September 26<sup>th</sup>, 2011, Board Meeting and General Assembly on October 28<sup>th</sup>, 2011)
- Membership fees collection
- Communication with members
- Presentations to the DSW Kuratorium and to the VEB Board on European financial policy issues
- Major updates on the website (movies, gallery, design, new EuroVote table)
- Management of the working group on membership fees (conference calls, members' questionnaire, memo, simulations)
- Change of the accountant
- Research into DG Sanco tender
- Organization of the EU funding brainstorming session moderated by a consultant on September 16<sup>th</sup>, 2011 in the Brussels office  
Recruitment of a new intern (this time also beyond the University of Economics in Katowice)





## BRUSSELS EURO NEWS

3<sup>rd</sup> Quarter 2011

(15<sup>th</sup> June – 20<sup>th</sup> October 2011)

*Confidential information letter for Euroshareholders members*

### European Parliament

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#### **Economic governance package (to be updated)**

The "six-pack" set of laws revamping economic governance in the EU was debated by the MEP's in the June's plenary session. The European Parliament insisted on a number of new rules which give more ambition and clout to the Commission's original proposals ([more](#)). On 14<sup>th</sup> September 2011 the rapporteurs of "Six-pack" and representatives of Polish Presidency, in the presence of the European Commission's representatives, at the informal meeting pointed out the differences between the EP and the Council. The result of this meeting will be preparing a proposal to approval for the EP's and Council's members. To read more click [here](#).

#### **Registration to the Transparency Register**

On 11<sup>th</sup> August 2011, Euroshareholders and EuroInvestors were registered to the Transparency Register, which was launched on 11<sup>th</sup> May 2011 at the initiative of the MEPs. All interest groups in the Brussels' institutional environment are strongly encouraged to register in order to ensure the very much needed transparency. More information about the Transparency Register can be found [here](#).

#### **Finance Watch initiative**

On 30<sup>th</sup> June 2011 Finance Watch, a European civil society organisation created to improve the reform of the financial regulation, had its first Annual General Meeting. EuroInvestors was appointed a board member next to five other organisations (among others BEUC, the European Consumer Organization, and UNI Europa) and three individual qualified members. To read a press release click [here](#).

The European Commission set € 1 million grant for Finance Watch in its 2012 Budget proposal to the Parliament.

## European Commission

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### **The EC Green Paper on the Corporate Governance framework**

On 5<sup>th</sup> April 2011 The European Commission launched a public consultation on possible ways to improve the corporate governance framework in Europe ([more](#)). The deadline for the responses was 22<sup>nd</sup> July 2011. Herewith [Euroshareholders](#)' and [EuroInvestors](#)' replies

### **Consultation on a new European regime for Venture Capital**

On 15<sup>th</sup> June 2011 Commission services launched a consultation on the new European rules for venture capital funds. The main objective of this consultation was "to find the best possible approach in order to achieve a real internal market for venture capital funds in the EU" ([more](#)).

See EuroInvestors' [reply](#)

### **The EC consultation on the Social Business Initiative: Promoting social investment funds**

On 13<sup>th</sup> July 2011 the European Commission opened a consultation seeking for the opinions on possible options for aiding social businesses by means of investments from private individuals channelled through investment funds. Investment funds are an established mechanism for matching investors and those seeking investments, and could help social businesses to attract funding ([more](#)).

See EuroInvestors' [reply](#)

### **"MiFID II" proposal by the EC to the EP**

On 20<sup>th</sup> October 2011 the EC released its MiFID II proposal to the European Parliament in the view of the MiFID review process (see [the EC MiFID memo 'New Order'](#) and [the EC press release](#)). The Rapporteur is an MEP Markus Ferber from Germany.

EuroInvestors issued a joint press release regarding MiFID II proposal together with FESE (Federation of European Stock Exchanges) and CFA Institute on 20<sup>th</sup> October 2011 ([click here to see the press release](#)). Euroshareholders and EuroInvestors plan to issue a more detailed one on the occasion of the Euroshareholders General Meeting in The Hague on 28<sup>th</sup> October, 2011.

See [EuroInvestors](#) and [Euroshareholders](#) replies to the public consultation 'Review of the markets in financial instruments directive – MiFID' from February 2011.

### **Expert Group on Taxation of Savings Income (EUSD Group)**

The EUSD Group, which was created in 2007, is currently assisting the European Commission with the review of the Directive on the taxation of savings. EuroInvestors is represented in this group by a Belgian tax lawyer, Antoine Dayez, referred to us by Paul Huybrechts (VFB). The next meeting of this expert group will be held on 28<sup>th</sup> October 2011. EuroInvestors will provide a summary position paper for this meeting.

## Review of the Takeover bids Directive

On 25<sup>th</sup> July 2011 the General Secretariat of Euroshareholders was contacted by Marcuss Partners, an international organization specializing in audit, accounting, tax and advisory services, for the purpose of ensuring assistance in enforcing its members' feedback on questionnaires previously sent by Marcuss Partners related to the EU Directive 2004/25/EC on takeover bids.

Marcuss Partners was awarded the contract aimed at conducting a global study on the application of the EU Takeover Bids Directive on 23<sup>rd</sup> December 2010 by the Directorate-General for the Internal Market and Services in the total value of € 250 000.

Euroshareholders responded in a kind way, clearly stating that with respect to the non-profit character of the organization and the lack of any EU funding, unless Marcuss Partners will be able to provide Euroshareholders with some way of resourcing for the requested work on EU consulting project, the cooperation is not desirable.

## Legislative proposals from the Commission regarding financial services

<u>Proposal</u>	<u>Type</u>	<u>Initiative</u>	<u>Theme</u>	<u>Rapporteur</u>
<b>ONGOING</b>				
	Leg	Prospectus Directive		
	Leg	Responsible Lending & Borrowing		
15/09/2010	Leg	Market Infrastructure Regulation (EMIR)	Infrastructure	Langen
15/09/2010	Leg	Short Selling Regulation (SSR)	Speculation	Canfin
20/07/2011	Leg	Capital Requirements (CRD IV)	Capital rules	Karas
28/09/2011	Leg	Financial Transaction Tax (FTT)	Speculation	tbc
<b>Q4 2011</b>				
12/10/2011	Leg	Transparency Obligations Directive Review (TOD)	Consumer	Pietikainen
19/10/2011	Leg	Review of 4th/7th Company Law Dir (Accounting)	Incentives	
20/10/2011	Leg	MiFID/MiFIR	Infrastructure	Ferber
20/10/2011	Leg	Market Abuse Directive Review (MAD)	Speculation	McCarthy
25/10/2011	Leg	Credit Rating Agencies 3	Capital rules	Domenici
15/11/2011	Leg	Crisis Management/Bank Recovery & Resolution	FS in society	

23/11/2011	Leg	Auditing Directive Review	Incentives	
30/11/2011	Leg	Central Securities Depositories (CSD)	Infrastructure	Swinburne
30/11/2011	Non-Leg	Action plan for SME access to capital markets	FS in society	
30/11/2011	Leg	Venture Capital initiative	FS in society	
07/12/2011	Leg	Social investment funds	FS in society	
Q4 2011	Leg	Insurance Mediation Directive Review (IMD)	Consumer	
Dec/Q1	Leg	Insurance Guarantee Schemes (IGS)	Consumer	
Q4/Q1	Leg	Sanctions (omnibus)	Incentives	
<b>2012</b>				
Q1 2012	Leg	UCITS V (depositories + remuneration)	Infrastructure	Giegold
Q1 2012	Leg	Packaged Retail Investment Products (PRIPs)	Consumer	Berès
Q1 2012	Leg	Close-out netting	Infrastructure	
Feb 2012	Leg	Corp Gov in FS (COM statement in Dec 2011)	Incentives	
H1 2012	Leg	Securities Law Directive (SLD)	Infrastructure	Swinburne
H1 2012	Leg	IORP Review (Pensions)	Consumer	
H2 2012	Impl	CRD IV Level 2 (EBA + Commission work)	Capital rules	
H2 2012	Impl	Solvency II Level 2 (EIOPA + Commission work)	Capital rules	
H2 2012	Leg	Financial Conglomerates Directive 2 (FICOD)	Capital rules	
2012	?	Initiative “targeting investment funds”	?	
2012	?	Initiatives “in the insurance sector” = S2.5?	Capital rules	
<b>BEFORE END OF COMMISSION MANDATE</b>				
2012-2014	Non-Leg	Broad review of financial supervision system	Supervision	
2012-2014	Non-Leg	Broad review of regulatory reform in FS	FS in society	

## European Supervisory Authorities

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On 14<sup>th</sup> September 2011 the European Federation of Investors and other financial services users (“EuroInvestors”) and BEUC (the European Consumer Organization) filed similar complaints to the European Ombudsman against the March 2011 nominations of the members of the “Stakeholder Groups” set up by the European Banking Authority (EBA) and by the European Insurance and Occupational Pensions Authority (EIOPA). In particular, the complaints point out the severe imbalance between the number of financial industry paid members on the one side and members representing retail users on the other side.

More about the complaints in the EuroInvestors’ [press release](#)

## European Securities and Markets Authority (ESMA)

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### **Call for evidence on empty voting**

On 14<sup>th</sup> September 2011 ESMA published Call for evidence on Empty voting in order to collect information and evidence on the extent to which empty voting practices (i.e. having voting rights attached to shares without corresponding economic exposure) exist and the effects of such practices. Comments can be sent by 25<sup>th</sup> November 2011. To read more click [here](#).

### **A user side chair at the European Securities & Markets Stakeholder Group**

On 11<sup>th</sup> October 2011 Guillaume Prache, Managing Director of EuroInvestors and Secretary General of Euroshareholders, was elected the first chairman of the Securities & Markets Stakeholder Group. This is the only of the four European Supervisory Authorities Stakeholder Groups (Banking, Insurance and Occupational Pensions are the three others) chaired by the user side. See the ESMA [press releases](#).

### **The chairman of ESMA a keynote speaker at the Euroshareholders’ General Assembly on 28<sup>th</sup> October 2011 The Hague, Netherlands**

We are happy to announce that Steven Maijoor, Chair of European Securities and Markets Authority (ESMA), will deliver a keynote speech at the Euroshareholders General Assembly on 28<sup>th</sup> October 2011 in The Hague, Netherlands.

## Others

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### **DSW’s brand new Directors' Pay Survey 2011**

In July 2011 DSW in cooperation with the Business and Controlling department at the TU Munich, published new Director’s Pay Survey 2011. This annual survey significantly added to the public awareness and consequent debate regarding regulation and salary limits. To read more about the survey click [here](#).

## **Pemex and Sacir trying to increase their influence in Repsol without launching a takeover bid**

On 8<sup>th</sup> September 2011 AEMEC (Spanish member of Euroshareholders) inquired the Spanish regulator to investigate whether Pemex, Mexican state-owned petroleum company, had used privileged information to buy Repsol shares. Pemex was preparing to debt finance its purchase transaction of acquiring 5% interest in Spain's Repsol, taking its hold on the Spanish company to 9.8%. Pemex was also about to collaborate with Spanish builder Sacyr, who has a 20% stake in Repsol, to form a voting alliance in order to strengthen presence in the company's management and board ([more](#)).

## **ATM (Portuguese member of Euroshareholders) takes a position in the Financial Times**

On 12<sup>th</sup> September 2011 Paulo Pinto, vice-president of the Portuguese Investors' Association, took a position on shareholders' action in Portugal regarding a significant rise in shareholders' dissent against disrespect of their opinions in many countries in Europe at the time of global crisis. To read full-text article click [here](#).

## **Dexia**

Euroshareholders together with its Belgian (VFB, Investa), Luxembourger (INVESTEAS) and French (FFCI) members issued a press release pointing out the misleading information communicated to the non-insider shareholders of DEXIA shortly before the disclosure of projects to dismantle it and ask for further equal treatment of all shareholders, in particular in terms of information, consultation, and offers on securities and assets of the DEXIA Group. For more information see the Euroshareholders' press release from the 7<sup>th</sup> October 2011 in [English](#), [French](#) or [Dutch](#).

## **Financial Transactions Tax**

On 28<sup>th</sup> September 2011 the European Commission proposed to set up the often discussed financial transaction tax in the Single market which was supposed to generate revenue of €57 billion a year, an amount which would be shared between the European and national budgets.

The tax would be levied on all transactions on financial instruments between financial institutions when at least one party to the transaction is located in the EU, financial activities carried out by individuals or small businesses (e.g. house mortgage, bank loans, insurance contracts etc.) excluded of this proposal.

Although the European Commission supports global introduction of the tax, it is rather a controversial topic. Whether Angela Merkel and Nicolas Sarkozy, the strongest European supporters of financial transaction tax, will progress in convincing the opponents from the UK, USA and Australia, is in view of the G20 Summit in Cannes ([more](#)).

# **Revision of Directive 2003/48/EC on Taxation of Savings - Draft Summary Position of EuroInvestors**

Bert Zuijdendorp  
Head of Unit Taxud D2  
Direct Tax Policy and Cooperation  
European Commission  
B-1049 Brussels  
E-mail : taxud-unit-d2@ec.europa.eu

Brussels, 21 October 2011

**Re: EU expert group on taxation of savings  
Comments from EuroInvestors  
Meeting of Oct. 28, 2011**

Dear M. Zuijdendorp,

As you know, EuroInvestors (the European Federation of Investors / Fédération Européenne des Epargnants) is the European federation representing the interests of all individual financial services consumers. It is open to all organizations representing financial services consumers in Europe <sup>(4)</sup>.

As such we are currently consulting with our members in order to finalize a position paper regarding the workings of directive 2003/48/EC on taxation of savings.

This position paper should be available soon. However, taking into account the meeting of the experts which has been scheduled for next Friday we find it useful to already communicate its key findings which can be summarized as follows and shared with the experts of the group.

- EuroInvestors recognizes that the system should be commended insofar as it reduces any purely tax incentive taxpayers may have to invest in other countries and allows to limit tax evasion;
- However, it must also be observed that the system has the somewhat paradoxical effect of discouraging and therefore reducing movements of capital throughout the EU for individual investors, sometimes rendering access to certain investments impossible, because :
  - (i) The Directive does not address the problem of the double taxation of financial income (in the country of source and in the country of residence), which EuroInvestors believes (pending review) remains more often than not the rule rather

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<sup>4</sup> About 50 organizations have already joined directly or indirectly. In turn these member organizations have more than 4 million EU citizens as their members. The main initial member organizations are, a.o., Euroshareholders, ADICAE the largest association of Spanish financial services consumers, Consumatori Associati, an independent consumer association in Italy, DSW, the leading German association of shareholders and FAIDER, the French federation of investors, pension participants and insurance policy holders.

than the exception even between EU Member States and make investments abroad inefficient;

- (ii) Misgivings about the Directive's scope of application and its effects as well as the fact that the information provided by paying agents about the workings of the Directive is more often than not presented in ways that are not easily comprehensible by the investors add to the administrative burden of investing in another country.
- It is therefore EuroInvestors opinion at this stage that in order to address these issues the directive should be amended in order to provide:
    - (i) An obligation or at least a recommendation to the Member State of residence of the beneficial owner to grant full relief from double taxation by taking into account the taxes already paid in the country of source of the income;
    - (ii) An obligation for the paying agents to disclose, free of charge, in a timely manner and in full to the beneficial owners all information pertaining to them which have been transmitted to their States of residence and, where applicable, a spreadsheet detailing, for each 'saving income' the withholding applied pursuant to the directive.

EuroInvestors is looking forward to discuss these points and the other amendments proposed to Directive 2003/48/EC with the experts of the group.

**Re : EU expert group on taxation of savings**  
**Comments from EuroInvestors**  
**Meeting of Oct. 28, 2011**

Sincerely yours,

Guillaume Prache  
Managing Director  
EuroInvestors



# Members Roundtable – Activity Reports

## IVA (Austria)

### January – October 2011

#### Squeeze-outs

We are engaged in six cases, as f. i. Bank Austria / UniCredit and Austrian Airlines / Lufthansa.

#### Supreme Court

We are optimistic to be successful with a very important matter for minority shareholders (No barrier for judicial review in case of mergers).

#### Proxy voting

By almost 20 companies we were asked to act as a proxy-voter for minority shareholders in Austria and also abroad. In the AGM of Immofinanz, which is the biggest real estate company in Vienna, we were active for around 200 shareholders. In joint-activity with Immofinanz in the public and in the media it was possible to almost double the presence in the AGM.

#### IVA - Scholarship Award for Students

Approx. € 10.000,-- could be distributed among five Award winners. The 15th November, 2011 is the deadline for the 9<sup>th</sup> IVA – Scholarships on Corporate Governance and Ethics in the economy.

#### Publications on topics like

efficiency of supervisory board pay out ratios of listed companies

remuneration of the management and the supervisory board.

## **INVESTA ASBL (Belgium)**

**Postal address :** Palais de la Bourse  
1000 Brussels  
Belgium

**Email address:** [investa@scarlet.be](mailto:investa@scarlet.be)

**SKYPE address:** Investa6

### **Services offered to investors:**

From 1992 , INVESTA offers a complete investing learning cycle based on 3 years curses in French and Dutch (Macro Economy, Portfolio management, Personal wealth management, Technical analysis, Fundamental Analysis, Finance for dummy's , practical exercise and workshops).

Beside this we offer to our members:

- Monthly conferences with professional speakers (2-3)
- Visit of enterprise
- Investor club animation
- Bi-Monthly newspaper
- Multimedia infrastructures (PC's with various trading software, Library, investor Forum)

### **Board and Management**

President: Luigi Chiavarini

Secretary General: Patrick Deceuninck

Vice President Dutch section Marcel De Winter

Vice President French section: René De Toffol

Treasurer: Jean Claude Alexandre

Investor Club animator's: Michel and Sylvie Willemaers

Lecturer and Webmaster: Paul Gins

Multimedia infrastructure and exhibition responsible: Salvator Gategno

### **Secretariat with all useful contact details:**

E-mail: [investa@scarlet.be](mailto:investa@scarlet.be)

Phone: +32(0)25091205

**Representative:** Luigi CHIAVARINI, President

[Luigi.chiavarini@gmail.com](mailto:Luigi.chiavarini@gmail.com)

Mobile: +32 478881446

[www.investa-bourse.be](http://www.investa-bourse.be)

## **DAF (Denmark)**

### **Aktiemessen 2011, 20 September 2011**

The most important investor event in Denmark is “Aktiemessen”, an investor conference and exhibition held in a Copenhagen hotel and organized by the Danish Shareholders Association. The event is open to members (free of charge) and non-members (against a small admission fee).

Since 2008 the number of guests, activities and exhibitors has increased dramatically from one year to following. The event has had to change location for the past three years in order to cope with the increasing number of visitors.

This year the conference had more than 30 exhibitors (listed companies, banks and other intermediaries) and had conferences going on in five different rooms simultaneously, all in all 45 conferences with presentations of listed companies, investment opportunities, investor tools, tips and tricks, techniques and debates about the economic and political situation.

More than 2.000 guests had booked a ticket for the event this year.

The event was very successful, and was widely covered by the media.

Presently, The Danish Shareholders Association is considering to double the event in order to offer the investor day in Jutland, too.

### **General elections – new taxes?**

Denmark had general elections on September 15th, 2011. The Liberal-Conservative government lost to a group of 4 parties ranging from the far left to the social-liberal center. The leading party is the Socialdemocrats headed by Mrs. Helle Thorning-Schmidt, and she will probably be nominated as prime minister before October 1st.

The new government is expected to propose a new stamp duty on the sale of shares to be paid by Danish private investors. It is a reintroduction of a stamp duty which was in use in Denmark from 1915 to 1998. The old duty was abolished by a government of Socialdemocrats and the social-liberals.

The new government is also expected to propose a special tax on banks.

The main political activities in the coming months will be to fight the new legislation trying to help investors to survive.

## **DSW (Germany)**

DSW attended more than 600 AGMs in Germany in 2011. Additionally, we represented investors at roughly 45 AGMs all over Europe. Main issues that were discussed at the AGMs this year were capital measures, dividends and Say on Pay proposals. DSW initiated counterproposals at Hochtief, RWE, SAP, Daimler and MAN. At Hochtief we proposed to oppose the discharge of employee representative Klaus WieseHügel due to his announcements and behavior during the ACS takeover. At RWE and MAN we proposed to oppose the election of several shareholder representatives due to corporate governance reasons. At Daimler we opposed the new remuneration system for the management board which we considered as not providing for an adequate remuneration. And at SAP we proposed to oppose the discharge of the management board due to enormous underestimation of damages to be paid in a competition court proceedings in the US.

Additionally, DSW was very active in the field of investment education: with around 80 seminars attended by 200 investors (on average) we were able to reach more than 16,000 investors.

Last but not least, DSW published the following surveys during 2011:

- Executive Directors' Pay Survey 2011
- Non-Executive Directors' Pay and Network Survey 2011
- Auditors' Fees and Independence Survey 2011

## **Iceland Shareholders Association (Iceland)**

The activity of Iceland Shareholders Association ISA in 2010 was influenced by the collapse of the Icelandic financial System in 2008. 11 companies were listed in Iceland Stock Exchange (NASDAQ OMX Iceland), with active trading in 5 of them. ISE expect new listings in this year without any clear evidence now.

One of the solutions of budget deficit was to increase the tax rate on financial income, from 10% to 18% in last year and now to 20%. As inflation adjustments are treated as income, the real tax rate is far above income tax rate and when net wealth tax is added to the calculations of tax rate, the taxation is above 100% of income and that is confiscation. ISA has fought against this hyper taxation without any result.

ISA has invited several important persons to Iceland to give lectures on issues related to the crisis of the Icelandic financial system. In last year ISA had to guest speakers; Daniel Levin Ph.D. from "Liechtenstein Foundation for State Governance". His lecture was: "State Governance: building blocks for thriving states with effective leadership on behalf of their citizens"

The other guest is William K Black, Ph.D. a law professor in University of Missouri in Kansas City. He gave two lectures;

"Never "Fuzzy" & No "Boundaries": The Best Way to Rob Icelandic Bank Was to Own One", and "Holding Abusive and Fraudulent Elites and Enablers Accountable".

Daniel Levin and William K Black had meetings with Icelandic officials and politicians during their visits but ISA is still waiting for result in courtrooms.

ISA had public meetings on the most important issues on the Icelandic financial markets. Those issues are:

- Information in financial statements, based on the opinion of the auditors of the company.
- One of the main problems in Icelandic financial market was that financial statements of the Icelandic banks were fundamentally wrong and nothing to rely on.
- Taxation on financial income.
- Legislation and loopholes to racket the small shareholder.
- Treatment of financial crimes in courtrooms.

ISA is still optimistic about the future in Iceland.

ISA is very active in the Icelandic media in describing the situation on the market and the general public in Iceland is listening to the voice of ISA.

## **Lithuanian Shareholders Association (Lithuania)**

2011 :

- January 1. Trading and settlement at Nasdaq OMX Vilnius has been started to proceed in Euros . This has been achieved with the active lobbying from the side of Lithuanian Investors. We have initiated the process in 2008 January 16 by sending 11 letters explaining the benefits of such a move to all the interested bodies.

- February 01 d. seminar at Lithuanian Securities commission premises Lithuanian Investors together with other market participants met for discussion on tax on gain from operations with financial instruments. We explicitly presented our position that if individual investor have to register gains which are taxed each year then individual investor has to have possibility as well to accumulate losses.

- May 9 in Kaunas Club of investors Giedrius Steponkus gave presentation " Science and Art of investment " and introduced individual investors movements in Lithuania , EU and the World.

- pursuing goal of effectiveness and simplicity for financial services buyers, Lithuanian Investors initiated consolidation of capital markets supervision. We have used Estonia as an example since 2002 . After long lasting discussions as from next year Lithuanian Securities and Insurance Supervisory commissions are going to be integrated under roof of Lithuanian Bank. We are convinced such move enables state's institutions to better serve not just individual investors but all market participants needs.

## **INVESTAS (Luxembourg)**

**2010 and YTD 2011**

### **Formalities and Administration**

INVESTAS asbl is a Luxembourg registered non-governmental organization. Its mission is to defend the small private shareholders' interests. It has around 500 members.

INVESTAS is a not for profit organization, manned by volunteers only. The current chairman is Mr. Raymond Goebbels. The board meets 8-9 times per year. In 2010-2011, the board attendance has averaged 70%.

### **Ordinary activities**

Every year, INVESTAS represents the private shareholders in 12 AGMs of companies that are either listed on the Luxembourg Stock Exchange, or that have a significant Luxembourg investor base. The president intervenes both on behalf of INVESTAS and of all members who have mandated him.

These companies are

- BIP Investment Partners
- SES S.A.
- Foyer S.A.
- RTL Group S.A.
- Luxempart
- AGEAS (ex Fortis)
- KBC Groupe S.A.
- ArcelorMittal S.A.
- DEXIA S.A.
- Société Electrique de l'Our S.A. (SEO)
- QUILVEST S.A.
- REINET Investments S.C.A.
- GAGFAH Group with a mandate from DSW Germany

INVESTAS also acts as the inbound host in Luxembourg for the EUROVOTE system. The first experiences in 2010 and 2011 with international mandates for the AGMs of ArcelorMittal, SES (Astra) and GAGFAH Group have been very positive.

INVESTAS also organizes 1 on-site company visit per year (in 2011: SEO).

### **Current topics**

INVESTAS has been working for an improved "squeeze out" draft law in Luxembourg.

Most recently, the big topic has been the DEXIA case. INVESTAS is lobbying that private shareholders are not left with an empty shell, or with the bad bank.

## **VEB NCVB (Netherlands)**

### **The most important issues for 2011**

- \* VEB is still waiting for the final judgment of the Enterprise Chamber of the Amsterdam Court of Appeal in the Fortis case. VEB expects that the Enterprise Chamber will conclude to mismanagement of Fortis in the period before it was nationalized by the Dutch and Belgian states in 2008.
- \* Furthermore VEB initiated proceedings against Fortis, its managing and supervisory directors and some banks at the Amsterdam District Court for a compensation of damages of investors. Recently VEB received the first statements of reply.
- \* Presently the settlements of the VEB in the cases of WorldOnline (105 million euro), KPNQwest (19 million euro) and Shell (489 million euro) are executed. The expectation is that compensation in the Shell settlement will be paid on recognized claims this year. Compensation in the WorldOnline and KPNQwest settlement is expected to be paid before summer 2012.
- \* VEB is still litigating against LCI, Landis, and Van der Moolen (which bankrupted) and ASMI on the basis of mismanagement.
- \* VEB extended its investment fund rating to 7000 investment funds listed in The Netherlands, France and Luxemburg. This fund rating is well judged by the financial press, retail investors and VEB members.
- \* On 25 and 26 November 2011 VEB will organize for the 33rd time its annual Investors' Day congress in Amsterdam and expects over 8,000 visitors. Euroshareholders members are kindly invited to participate.

### **The major issues for 2012**

- \* Execution of the World Online settlement (105 million euro to be distributed under 12,000 VEB members) and the KNPQwest settlement (19 million euro to be distributed under 4,100 VEB members and 2,500 others).
- \* In 2012 VEB will give more attention to the liability and responsibility of accountants to their qualified audit opinions on financial statements of listed companies.

### **Current development of the organization (e.g. special actions, number of members etc.)**

- \* At present the VEB has almost 50.000 members.
- \* The largest independent Dutch Investors magazine, VEB's bi-weekly magazine Effect (with a website membership possibility) is well read. VEB distributes every second week 47.000 copies.
- \* At present the organisation of VEB exists of 26 full time employees.



## **VZMD – the PanSlovenian Shareholders' Association (Slovenia)**

### **GENERAL INFORMATION**

<b>VZMD</b>	The PanSlovenian Shareholders' Association Institute
	is registered by the District Court of Ljubljana, reg. number: 1/47258/00
	VAT number: SI31429726
	IBAN: SI56 0201 0025 6523 838
	Swift: LJBASIX
	Matriculation number: 2301962

### **PRESENTATION OF VZMD**

In 2011, VZMD, the PanSlovenian Shareholders' Association, embarked on its sixth year of institutionalized work.

We are proud that, this year and years past, we have been and will continue to be dependable and effective advocates for the rights and interests of small shareholders at numerous company assemblies and, in general, in the Republic of Slovenia. Moreover, we remain a credible and reputable proponent, not only of the amendment and betterment of various legislation, but also for the acceptance of future relevant positive decisions of many companies. In the broader socio-economical, European and international context, we have also been included as full-fledged members of related global associations, including the European Shareholders' Association, European Federation of Investors, and the World Federation of Investors Corporations.

So far, we have been poised in many adverse and unpleasant situations, under numerous pressures and without any public-funded or budgeted resources, and have succeeded in establishing a respected institution and will continue to foster our planned goals and mission. VZMD will continue to unceasingly preserve the interests of small shareholders, protect the balance of processes and decision-making of companies, and contribute to the constant improvement of the financial market and, ultimately, the economic status of individuals and the commonwealth of society.

### **PRESENTATION OF investo.si (INVEST TO SLOVENIA)**

**investo.si** (Invest to Slovenia) is an independent program in coordination with VZMD. It was established in May of 2008, before the 1<sup>st</sup> International investo.si Investors' Conference that was organized by VZMD from the 19<sup>th</sup> to the 21<sup>st</sup> of June 2008 in Slovenia. The program's main goal and intent is to propagate and promote Slovenian companies and institutions, through their participation with presentations and other promotional materials, to prospective foreign investors, not only through the website [www.investo.si](http://www.investo.si) - which was just revamped in 2011, has now been in existence for over two-and-a-half years, and has had over 100,000 visits - but also at various conventions and meetings of foreign

investors and shareholders. Another of the program's objectives is to justly represent Slovenian capital and invite foreign capital into the Republic of Slovenia, Central and Eastern Europe by providing up-to-date, relevant information about the economy, logistics, tourism, reputable companies, the activities of shareholders, and affiliated international associations (EFI - EuroInvestors, Euroshareholders, WFIC - World Federation of Investors' Corporations).

## ORGANIZATIONAL STRUCTURE

<b>President</b>	Kristjan Verbič, M.Sc.
<b>Council</b>	<p><b>President:</b></p> <p>Janja Žlogar Piano</p> <p><b>Members:</b></p> <p>Miran Mejak, Ph.D.</p> <p>Andreja Sever</p> <p>Miro Zupančič</p> <p>Renata Zupančič</p>
<b>Council of Experts</b>	<p><b>President:</b></p> <p>Ludvik Toplak, Ph.D.</p> <p><b>Members:</b></p> <p>Borut Bratina, Ph.D., Dejan Gorenc, M.Sc., Šime Ivanjko, Ph.D., Harald Karner, Janez Klančnik, Branko Korže, Ph.D., mag. Janez Košak, M.Sc., Tadej Kotnik, Ph.D., Mirko Miklič, Martin Premk, M.Sc., Davorin Petaros, Blaž Strojan, M.Sc., Klemen Veršič</p>
<b>Commission for the candidature of members for Supervisory Boards</b>	<p><b>President:</b></p> <p>Miran Mejak, Ph.D.</p> <p><b>Members:</b></p> <p>Borut Bratina, Ph.D.</p> <p>Ludvik Toplak, Ph.D.</p>
<b>Secretariat and professional aide</b>	20 other co-workers in the framework of the Secretariat – including full-time, part-time, and students.

<b>Active Sections</b>	Aktiva Naložbe, AutoEmona, Delfi/SCT (Aleksander S. Kucler, M.Sc.), Dinos, Droga Kolinska (Silvester Zaman and Janez Košak, M.Sc.), Gorenje (Harald Karner), Ilirija (Jelena Grilj), Istrabenz, Julon (Branko Slaviček), KD, Kemofarmacija, Klasje Celje, Kograd–Igem Dravograd (Meta Zajc Pogorelčnik), Luka Koper (Davorin Petaros), Maxima Holding, NFD, NKBM (Ludvik Toplak, Ph.D.), Petrol (Miran Mejak, Ph.D.), Pivovarna Laško (Bojan Ludvik Šef), Pomorska družba (Karl Filipčič), Sava Kranj, Triglav Naložbe, Velana (Slavka Venko in Milan Štruc), Vzajemna (Ludvik Toplak, Ph.D., and Šime Ivanjko, Ph.D.), Zavarovalnica Triglav (Harald Karner),
<b>Sections in the Making</b>	Color Medvode, Eti Izlake, Infond Holding, Intereuropa, Krka, KS Naložbe, Slovenijales, Swaty, Telekom, Turistično podjetje Portorož, ZRMK Holding, Zvon, Žito
<b>Past Sections</b>	AdriaticSlovenica, Aktiva Invest (Vladimir Korošec and Nediljka Marunica), Alpetour Bandag (Vera Renko and Jožef Winkler), Delo TČR, Donit Tesnit (Darko Jenko), Etol (Harald Karner), Etra 33 (Mira Vidmar), Farme Ihan (Andreja Bernot), Gruda Jurmes, IBI Kranj (Ana Mubi), Iskra Avtoelektrika (Roni Nemec), Kurivo Gorica (Bogdan Lapajne), Lameta (Milena Koselj Šmit), LIP Bled, LIP Radomlje (Anton Žibert), LJ Kinematografi (Teja Bivic), LTH Škofja Loka (Franc Hartman), Medex (Marjan Trškan), Meso Kamnik (Bojan Peterka), Pecivo (Lilijana Antler), Pekarna Grosuplje (Martina Jevnikar), Primorske novice (Bogdan Mahne), SCT Strojegradnja/Strenia (Franc V. Pečnik), SIJ – Slovenska industrija jekla (Janez Klančnik), Terme 3000 (Danica Pukšič), Termo (Marjeta Šinkovec), Varis, d.d. (Boris Balantič), Vipa/Vipa Holding (Vilijem Frančeškin), Železarna Ravne – Monter Dravograd (Paradiž Stanislav)

## ACTIVITIES IN 2011

### 1) General Assemblies

- Aktiva Naložbe, d.d. – September 12, 2011
  - Squeeze-out of 16,942 shareholders for 6.08 M EUR (4.06 EUR per share)
- Telekom Slovenije, d.d. – August 31, 2011
- KD Group, d.d. – August 31, 2011
- Zvon Ena, d.d. – August 30, 2011
- Zvon Dva, d.d. – August 30, 2011
- Slovenijales, d.d. – August 29, 2011
  - VZMD demands dividends for shareholders
- Perutnina Ptuj, d.d. – August 26, 2011
- NFD Holding, d.d. – August 2, 2011

- Finetol, d.d. – August 1, 2011
- Pivovarna Laško, d.d. – July 30, 2011
  - Receive support for the sale of its company Fructal, d.d.
- Kemofarmacija, d.d. – July 29, 2011
  - VZMD's counterproposal for dividends is passed; shareholders receive 8.56 € per share
- Nova Kreditna Banka Maribor (NKBM), d.d. – July 22, 2011
- Zvon Dva, d.d. – July 15, 2011
- Terme Čatež, d.d. – July 13, 2011
- Luka Koper, d.d. – July 11, 2011
- Intereuropa, d.d. – July 8, 2011
- Krka, d.d. – July 7, 2011
- Gorenje, d.d. – July 6, 2011
- NLB, d.d. – June 30, 2011
- Sava Re, d.d. – June 29, 2011
- Pivovarna Laško, d.d. – June 25, 2011
- Mercator, d.d. – June 23, 2011
  - The Board accepted dividends of 8 € per share
- Zavarovalnica Triglav, d.d. – June 22, 2011
- Telekom Slovenije, d.d. – June 15, 2011
  - The merger of Telekom Slovenije, d.d. and Mobitel, d.d., one of the largest mergers in modern Slovenian history
- Sava, d.d. – June 9, 2011
  - VZMD in collaboration with Sava, d.d. organized the collection of proxies – VZMD collected 1,329 proxies
- Petrol, d.d. – May 18, 2011
  - VZMD collected 1,099 proxy forms
- NFD 1, d.d. – May 16, 2011
  - Conversion from an investment company into a mutual fund
- Velana – April 12, 2011

## 2) Company Squeeze-outs of Small Shareholders

- Aktiva Naložbe, d.d. – September 12, 2011
  - Squeeze-out of 16,942 shareholders for 6.08 M EUR (4.06 EUR per share)
- COLOR industrija sintetičnih smol, barv in lakov, d.d. – July 14, 2011
  - VZMD proposes a higher payout for small shareholders than the one offered by the majority shareholder at the 15<sup>th</sup> General Assembly held on August 21, 2009; third hearing before the Settlement Committee

- SGP Kograd – IGEM Dravograd, d.d. – June 21, 2011
  - Court filed settlement – 5,57 € per share extra pay-out for minority shareholders
- Triglav Naložbe, d.d. – March 2011
  - VZMD negotiated a price of 1,58€ instead of 1,30€ per share for the squeezed-out minority shareholders
- Turistično Podjetje Portorož, d.d. – February 2011
  - VZMD proposes a higher payout for small shareholders than the one offered by the majority shareholder

### 3) Corporate Governance

- The 16<sup>th</sup> Member Assembly of the Slovenian Directors' Association (SDA) – April 16, 2011
  - The Slovenian Directors' Association (SDA) is non-governmental and not-for-profit association that was established in June 1997. It is the only membership organization in Slovenia, solely representing the profession of Supervisory Board members. It joins 500 members and is currently in communication with 4,000 members of Supervisory Boards (SB) in Slovenia. SDA provides education, certification, research, professional standards, publishing and consulting services to SB members.

### 4) Republic of Slovenia – Legislation, Governing Regulations, Contacts with Government Officials

- Top of the Slovenian Economy – November 24, 2011
  - At this event, hosted by the Slovenian Chamber of Commerce and Industry of Slovenia, which includes over 400 relevant guests, important issues and resolutions in regards to the Slovenian economy and investor opportunities are discussed by a panel that includes the Minister of Finance and other political and economical figures
- British Chamber of Commerce Roundtable – February 22, 2011
  - the British Business Round Table with led by the eminent Mr. John Bercow, MP, Speaker of the House of Commons, sponsored by the British Chamber of Commerce in Slovenia (BCCS)
- *OECD Economic Surveys: Slovenia 2011* (Chapter 3: Foreign investment, governance and economic performance) – Brdo pri Kranju, February 8, 2011
  - Highlights the protection of shareholders' rights and priorities that are consistent with the warnings and efforts of VZMD Conference introducing *OECD Economic Surveys: Slovenia 2011*. This discussion and debate was, by reviews of numerous important and eminent participants, deemed even more interesting and successful than the previous – 1<sup>st</sup> Conference introducing *OECD Economic Surveys: Slovenia 2009* – which took place on July 7, 2009.
- 2<sup>nd</sup> Conference on the Shaping of the Slovenian Logistics Holding: the Government is not the only owner of Intereuropa, d.d. and Luka Koper, d.d. – January 14, 2011

### 5) Slovenian Conferences

- FDI Summit Slovenia – October 13-14, 2011
  - FDI (Foreign Direct Investment) Summit Slovenia 2011 is an executive-level business conference devoted to the investment environment and opportunities in Slovenia. Being a business networking event, it is an outstanding opportunity to make new contacts with the leading businesspeople in the region, top government officials, existing international investors in Slovenia and those interested in entering the Slovenian market and develop

its business in the wider region.

- Brussels – June 21, 2011
  - 20<sup>th</sup> Anniversary of Slovenian Independence hosted by the Slovenian members of the EU Parliament
- Knowledge Economy Network (KEN) – June 6-7, 2011
- Two-day forum of the international Knowledge Economy Network – KEN, which has their headquarters in Brussels; over 200 visitors from fifteen countries, including well-established, reputable economists, experts, opinion leaders, and representatives of various institutes; took place in the creative surroundings of the Hotel Habakuk
- 28<sup>th</sup> Ljubljana Stock Exchange's Financial Conference – May 26-27, 2011
  - The Ljubljana Stock Exchange Conference has been the meeting point for prominent figures of Slovenia's financial and stock market world since the 1990s; it is where pressing issues related to the future growth of the industry are discussed first
- Day of the Slovenian Capital Market 2011 – April 21, 2011
  - At this event, sponsored by the Ljubljana Stock Exchange, the potential of capital investment in the Slovenian Prime Market companies as well as Slovenia in general was presented to over 200 various investors.
- Kapital 2011 – April 20 and April 21, 2011
  - VZMD presented its program - investo.si (Invest to Slovenia) geared towards (foreign) investors at this convention, which had many visitors and numerous prestigious guests from top, reputable Slovenian companies, including Mr. Guillaume Prache, Secretary General of Euroshareholders and Managing Director of EuroInvestors

## 6) International Meetings and Conferences

- WFIC Annual General Meeting – October 7-8, 2011
  - This GM was especially relevant for the VZMD, since it was reaffirmed the previous decision of the GM and the Board of Executives that the next Annual GM – along with an investors' fair - will be held in Ljubljana, Slovenia (see the accompanying VIDEO from 2008). The President and the Secretary General of the VZMD were extremely pleased and invited all participating representatives to bring national companies, funds, investors, and other economically pertinent constituents to the investors' fair. In addition, through the zealous active participation of the VZMD through the years, invest.si's newly-founded affiliate, investo.me – Invest to Montenegro, was nominated as an Associate Member of the WFIC.
- Slovenian Day at the Warsaw Stock Exchange – October 6, 2011
  - Co-organized by the WSE, the SII – Polish Individual Investors' Association, the VZMD and its independent investo.si – Invest to Slovenia program, which in the last year partook at numerous events throughout Europe and internationally and represented Slovenian companies and the investment potentials of Slovenia and the South-eastern region of Europe. Besides the representatives of the WSE, many investors, funds, and the financial media were also present, along with the honorary guests, the representative of the Croatian Embassy in Poland, the Montenegrin Ambassador in Poland, and the Slovenian Ambassador in Poland. Beside the two Slovenian companies that actively participated at the event and presented their companies to the audience, twelve other companies were also presented with their promotional and informative materials.
- EuroInvestors Think Tank – September 16, 2011
  - Strategy on receiving funding from the EC
- Euroshareholders' Board Committee Meeting – June 23-26, 2011
- WFIC Executive Committee Meeting – June 20-22, OECD – May 24 - 25, 2011

- 50<sup>th</sup> Anniversary Forum – Better Policies for Better Lives; The Forum, a public event, brings together ministers, business, labor, civil society and academia to share policies and ideas. The Forum fed into the Ministerial Meeting, where government leaders and ministers discussed issues on the global agenda. The US, with Secretary of State **Hillary Rodham Clinton**, chaired the Ministerial and Germany was the co-chair. Mr. Verbič met with three of the most reputable speakers of the Opening Session of one of the most influential and notable international organizations: the President of the European Council (Herman Van Rompuy), the Secretary-General of the OECD (Angel Gurría), and the President of the Republic of Slovenia (Danilo Türk),
- EuroInvestors’ Press Conference – April 11, 2011
  - EuroVote
- Euroshareholders’ General Assembly – Istanbul – March 24-26, 2011

## **ADICAE (Spain)**

**The public pension reform cannot assume the ban open to abuse and inefficiency of private pension savings: ADICAE request changes in depth and Planning Law Pension funds, insurance and retirement savings of taxation of these products.**

Private pensions have been a catastrophic pufo in profitability and results. According to a recent study in the last 10 years 93.3% of plans pensions have not exceeded inflation, and 99.3% failed the profitability of treasury bills to 10 years. They are therefore a product rundown, badly managed and that catches the consumer savings and benefits that only banks with their fees very high and unjustified. Therefore, the current regulations on retirement savings requires substantial changes, not privileged to be a product available to those who have higher incomes. This effective reform should require the results and a fair commissions and limited reasonably obtain benefits, and transparency in its marketing and management.

Consequently, ADICAE requests the Government and Trade Unions in collaboration with the consumers will open the discussion of savings and investment products in the long term historically mistreated in Spain, so that the quality of life and prospects of citizens and consumers will not deteriorate in the future reform public pension benefits granted and end up producing only once more financial institutions. From ADICAE has said that reform pension will not be complete if not addressed in conjunction with reform private retirement savings complementary an inefficient system that has supported smear campaigns in the public pension system driven banking lobby.

### **ADICAE poses an amendment to the Bankruptcy Act**

With this proposal ADICAE aims to correct a situation in which hundreds of thousands of families lack effective protection that prevents them life sentence to which the current dilapidated Mortgage Act and Insolvency Act ineffective result.

As ADICAE raised to the parliamentary groups, the establishment of this specific procedure in bankruptcy cases where the consumer is led to a situation of insolvency not only responds to a pressing reality for tens of thousands of families and a growing problem, but lets move towards the matching of the existing Spanish legislation in many other countries around us, in which the family indebtedness and the insolvency of consumers are subject to specific and different treatment.

ADICAE, who has been claiming for over 7 years and proposing a law of family indebtedness, believes that the current ongoing reform of the Insolvency Act is a "golden opportunity" for finally addressing a problem in a reasonable manner, which drive real situations financial and social exclusion of hundreds of thousands of families (the statistics of the General Council of the Judiciary indicate that from 2007 to 2010 have been over 250,000 foreclosures).

### **ADICAE get a verdict against unfair terms on mortgages in relation to the so-called "necroclause"**

Thus, it recognizes the ruling of the Third Section of the Provincial Court of Tarragona on April 1, 2011, in response to the appeal by ADICAE. From now revoked the clause undertakes to pay the entire loan in case of death of the guarantor, fire in the house, where there is a devaluation of property in a quarter or in case of expropriation of the property.



So far, the Directorate General of Registries and Notaries (DGRN) felt that they had the power to take for invalid clauses. But the pact rejected Falset register early maturity in the case of death of the guarantor when considering which did not affect the solvency of the debtor. The position of the combined register so far the guarantor died, the person paying the mortgage was obliged to pay in a lump sum to repay the outstanding principal. ADICAE's appeal has paid off by getting early termination clauses are declared null and noting that the District Court Registrar may refuse to register property clauses interpreted as unfair to the consumer.

From ADICAE continue the protests and the fight against mortgage abuses. This is a first win but there is still much to be done in reference to mortgage contracts, remember that ADICAE has filed a lawsuit against a total of 100 banks that have included soil in the mortgage clause, a procedure that is have added nearly 11,000 affected.

### **Consumers to the regional and municipal elections of May 22: ADICAE manages commitments of parties around the consumer financial problems**

The campaign of interviews and meetings ADICAE carried out from February to get more than 66 candidates collect proposals made by the Association after contact with 259 entries (57 regional and 202 municipal) which resulted in more than 122 meetings with 17 formations different policies in Spain. ADICAE proposals on "payment in kind", "ground clauses", and various measures against foreclosures and the overhang have been incorporated into various electoral programs.

Given the lack of importance that parties attach to the problems of consumption and consumers (at best a mere rehash of hackneyed clichés) throughout Spain ADICAE form committees and groups of consumers affected to monitor compliance election pledges by which insist that the proposals and commitments are made in the programs of political action by the parties after the elections.

ADICAE began in February 2011 an intensive campaign to contact the political parties attending the upcoming elections on May 22, to demonstrate concrete proposals for action in consumer finance. 259 letters were sent to political parties across Spain, where ADICAE outlining the proposals, and arranged 122 meetings with different political, aiming to include proposals ADICAE in election or political action of government or opposition.

### **ADICAE requires the Government that the new Guarantee Fund adequately cover warranty claims depositors against any financial failure**

The current rule governing the Deposit Guarantee Fund (Royal Decree 2606/1996, of December 20th, on the Deposit Guarantee Funds of Credit Institutions) sets channels through which nourishes the Fund. In exceptional cases envisaged in Article 3.6 that contributions by the Bank of Spain shall be so "in order to safeguard the stability of all member institutions", so that a possible large-scale bankruptcy could lead to a lack of collateral or a delay Indemnity unsustainable users. Since Royal Decree announced by the Minister of Finance establishes a new role of the Deposit Guarantee Fund and therefore a new destination for the amounts accumulated in it, ADICAE considers it necessary in order to guarantee deposits users, it is expected that in those circumstances where there may be possible difficulties to make it effective, the Bank of Spain will need to contribute necessary to prevent harm to depositors. Remember that current assets these guarantee funds

(around 6.593 million euros) have been provided by the consumers themselves (which is where all the money out of the entities).

Therefore, ADICAE has led to the Prime Minister and the Ministry of Economy demands that the Royal Decree incorporating this provision of input from the Bank of Spain to article 3.6 incorporating the addition of "and in any event whenever there is risk delay or non-payment of compensation that the law guarantees to the users". Also ADICAE claim that these funds will be used and almost 50% to cover CAM (a spanish saving bank) holes, and it must be remembered also that the primary and most important function of the Guarantee Fund under the rules of the European Union is the safety of depositors banks and savings banks. The current government can regulate matters of genuine economic and social emergency until the inauguration of the new government and constitution of the Cortes, such as mortgage the plight of families who believe all the public Spanish considers that requires immediate action being postponed. But it should be postponed for lack of urgency of draft Ministerial Order, driven at the last minute and rush, which again seriously damaged key aspects for users of financial services.

### **Project "Bank Transparency Order" of the Ministry of Economy and Finance**

The analysis and arguments made by ADICAE's technical team of the "Draft Ministerial Order of transparency and customer protection in financial services", currently in process, has been located in drafting major threats and issues that pose a risk to consumers, while serve on a platter new rights to the Bank and given carte blanche to its abuses.

The Ministry of Finance opens a door in Article 9 of the project so that the banks start charging for its "advice". It is an absolute disgrace that allows them (and incite) to charge for something that developed as part of their business. Moreover if we consider that is forcing consumers to pay for their right to receive truthful information, as required by law to consumers. With the aggravation of a credit institution can never be independent in his information to consumers and their "advice", which has resulted in injury to hundreds of thousands of consumers who have indiscriminately sold banking products because they responded to the business strategy only interested in the bank or saving bank. If you equate with what they charge financial advisory firms, we see that the current rates (published by the CNMV) range between 120 and 600 euros per hour, with minimum query from 300 euros up to much higher amounts in some cases. Nevertheless, given that the current draft order does not impose limits, we could face even higher rates to pay for something that is inherent in their activity. Without discounting that consumers already pay substantial fees for study.

Also, the draft agenda of transparency tolerate the use of swaps and minimum interest rates clauses (Articles 23, 24 and 29. 3 b iii), thus giving legitimacy from the Ministry of Economy, banking business is seriously damaging the economies of many families mortgaged. Both swaps (fake "insurance" against rising interest rates on mortgages) as the "ground clauses" (which prevent mortgaged consumer benefit from lower interest rates) does not prohibit primers, but only simply ask the bank to "report" on their inclusion in loan contracts. Regulation consistent with protecting the rights of consumers should eliminate the sale of swap s clauses prohibiting the soil in the mortgage contracts. Because they are hurting hundreds of thousands of consumers and drowning in paying their loans. ADICAE has filed several lawsuits against credit institutions for "ground clauses" and swaps. The largest "ground clauses" lawsuit is affecting more than 100 entities.

Finally on bank commissions (Article 2) eliminates the requirement of registration and control in the Bank of Spain commissions, as currently imposes Transparency Order 1989 still in force. This measure has not served to exercise effective control over the abusive collection of fees, increasing. So a proper reform of the rights and needs of consumers is to strengthen the requirements for registration and subsequent control of the committees. Given the complete disregard by the Bank of Spain for the rights of consumers, who increasingly appears as a genuine public banking employers, ADICAE demands the immediate creation of a public oversight of the financial rights of consumers to protect really their rights and engage the voice of the associations.

Therefore, ADICAE has requested withdrawal of this shameful draft order, arising from the back door, in full holiday and back to the citizens and by a Ministry of Economy completely exhausted, discredited and more concerned about the bench to defend the continuing abuses of consumers. ADICAE fundamental reforms required a much broader debate involving consumers and not make any concession to the banks. So ADICAE will address candidates for the forthcoming national elections of November 20th to propose a series of reforms in their programs to ensure real consumer protection in banking after 20 years of ineffective performance of the Bank of Spain. For this purpose we propose the creation of a specific supervisory body in the financial sector for the protection of consumers.

#### **ADICAE denounce to the National Commission on Securities Market (CNMV) the irregular selling of preference shares**

In recent months hundreds of people affected have reported irregular marketing preference shares alleging lack of transparency by not being informed or the characteristics of these products and their risks or no liquidity and perpetuity of this product. The savings as a result of this lack of information, have now found what really had hired years ago, when during these months have wanted to recover the money invested and have received the refusal of their bank. Most of the victims who have come to ADICAE are savers with a history of no risky investments, which almost always had a return on their savings hiring bank deposits. Therefore, given the widespread and flagrant violation of this practice ADICAE encourages the CNMV to launch an inspection campaign on the marketing of the shares placed by Santander, BBVA, Banesto, Bankia, Banco Popular, La Caixa and Bankinter, among others, to verify if they have respected the rights of consumers and reviewing compliance with the MiFID (correct performance of tests of fitness), the existence of unfair terms contain disclaimers to the distributor or other similar clauses.

## **AEMEC (Spain)**

This brief note covers the principal activities of AEMEC during the period from March to October 2011. As will be seen, the Association divided its time almost equally between assisting minority shareholders desiring to avail themselves of the - in Spanish law - new institute of *núcleos estables de accionistas de minoritarios*, *NEMs*) – stable core associations of shareholders -, and intervention in some of the current major battles for the control of key companies. The note is deliberately concise, as some of the complex enterprise issues can best be explained orally during the General Assembly, if other member associations require more information.

### **1. Shareholder associations**

The first NEM has been established, with AEMEC's assistance, within Iberdrola ("IBERNEM"). A second case is La Seda where shareholders have combined their voting rights to act against the blatant mismanagement of company affairs, a development in which AEMEC has come to their defense. Equally, in Ezentis the motive for creating a NEM has been the financial instability of the company and its loss of assets. There is a strong possibility that a NEM will shortly be created within Banco Santander, a company with a very high percentage of free float. In all cases mentioned, the enterprise management has looked favourably upon the creation of NEMs, as they consider them constructive and as facilitating their investor relations.

### **2. Iberdrola and Iberdrola Renovables**

Iberdrola had earlier spun off its renewable energy activities, but in March 2011 decided to move again to a merger. Although Iberdrola was prepared to offer a premium to the erstwhile Renovables shareholders – whose share price had substantially declined - AEMEC intervened to make sure that the compensation was fair.

### **3. Amadeus IT**

When Amadeus IT Group moved to integrate the company into its IT Holding, the shareholders of the company to be absorbed, fearful that their shares would lose liquidity, turned to AEMEC to defend their interests.

In a lengthy negotiation process, AEMEC was successful in obtaining from the Holding a "window of liquidity" allowing for purchase of the outstanding minority shares.

### **4. Ebro Foods/Biosearch**

When Ebro, holding 51% of the shares of Biosearch (formerly Puleva), communicated to the Regulator CNMV its intention to sell another 29,9% of Biosearch to the French company Lactalis Iberia, Biosearch minority shareholder and AEMEC suspected a hidden concerted action between Ebro and Lactalis designed to avoid a full take-over, thus depriving the Biosearch shareholders of a premium of change of control and their options to sell at a favourable price, and successfully denounced the plan before the regulator.

## 5. REPSOL – SACYR – PEMEX

AEMEC intervened strongly in the plan of the Spanish construction company SACYR and the Mexican State-controlled oil company, by pooling their holdings in REPSOL, to take effective control of the Spanish oil and energy group. AEMEC brought to bear that the combined share percentage of the two companies – 29,5% - would indeed be sufficient to control REPSOL, but that this would require a public take-over offer (OPA), even though it remained conspicuously beneath the formal obligatory 30% trigger percentage under Spanish law (Neither SACYR nor PEMEX could dream of financing an OPA, likely to cost up to 25bn euros). AEMEC also pointed out that, apart from depriving REPSOL's minority shareholders (the company has a free float in excess of 50%!) of a premium of change of control and curtailing their options, the excessive debt load of SACYR would, if control was acquired, inevitably entail a bleeding of REPSOL's resources, and thus produce permanent damage for the shareholders. AEMEC initiated proceedings both before the National Energy Commission and before the market regulator CNMV. In early October, it also sent a delegation to Mexico which met extensively with the public media and politicians to bring these arguments to bear. In the meantime it appears that the SACYR-PEMEX deal will not go through, due to the dimension of SACYR's debt situation and political constraints in Mexico.

Apart from these activities, some important changes in the market situation in Spain should be noted. The country has finally transformed the EU shareholders rights directive into Spanish law. The introduction of NEMs has already been mentioned. There is also a major change in the banking system. Over the last few months, the Spanish (public) savings banks – their share of financial transactions has been in excess of 50% - have been “privatized” and are now share-based banking institutions; the two biggest are the former Caixa, now CaixaBank, and the former Caja de Madrid, now, merged with a large group of other savings institutions, BANKIA. Given their dimension, it is not exaggerated to speak in Spain of a new shareholder world.

AEMEC will discuss these new developments, along with the new order of the market pioneered by the European Commission, at its Congress in Madrid on November 14<sup>th</sup>.