



# IMPLEMENTING SRD II

## COUNTRY BRIEF: DENMARK

### KEY TAKEAWAYS

- The bill that implements the Shareholder Rights Directive II was approved on April 4, 2019.
- The remuneration policy is subject to a binding vote at least every four years, and an annual advisory vote on remuneration report is introduced.
- Votes on the remuneration policy are expected in 2020, and the first votes on the remuneration report are expected in 2021.

EU DIRECTIVE  
2007/828/EC  
REGARDING THE  
ENCOURAGEMENT OF  
LONG-TERM  
SHAREHOLDER  
ENGAGEMENT (SRD II)

In response to the global financial crisis, the European Commission proposed a revision of the original 2007 Shareholder Rights Directive.

The [revised Shareholder Rights Directive II \("SRD II"\)](#), which took effect June 2017, seeks to reinforce effective and long-term shareholder engagement and monitoring of company performance.

### KEY NEW REQUIREMENTS OF SRD II

The Directive is subdivided into three main chapters



#### VOTING CHAIN

- Companies should have access to the identity of shareholders without delay
- Transmission of information that enables the exercise of shareholder rights should be made in electronic and machine-readable formats
- Intermediaries are required to facilitate the exercise of shareholder rights, including confirmation that shareholder votes are recorded and counted accurately



#### TRANSPARENCY

- Engagement policies of institutional investors and asset managers
- How shareholder engagement is integrated into investment strategy, including how voting rights were exercised
- Institutional investors' investment strategies and arrangements with asset managers
- Proxy advisors should provide a reference to the code of conduct they apply and report on the application of that code.



#### REMUNERATION & RPTs

- Shareholders will have the right to express their views on executive pay
- Separate votes on the remuneration report and remuneration policy
- The European Commission will provide non-binding guidance about presentation of the remuneration report
- Rules on transparency and approval process of related-party transactions

## SHAREHOLDER RIGHTS DIRECTIVE II

In response to the 2008 global financial crisis, the European Commission proposed in April 2014 a revision of the original 2007 Shareholder Rights Directive in 2014. The revised Shareholder Rights Directive ("SRD II"), which took effect in June 2017, seeks to reinforce effective and long-term shareholder engagement and monitoring of company performance. Both elements were lacking during the crisis when many companies took on excessive risks in the pursuit of short-term returns. EU member states were called upon to amend their laws to comply with SRD II by June 10, 2019. As of Feb. 26, 2020, 20 EU member states had implemented SRD II into their local legislations.

## IMPLEMENTING SRD II INTO DANISH LEGISLATION

The bill implementing SRD II into Danish law was passed on April 4, 2019 and introduces binding general meeting votes on remuneration policy and the remuneration report. The law took effect June 10, 2019.

The most important components of SRD II related to Danish law are detailed below.

**Identification of Shareholders**

In line with the SRD II, issuers will be allowed to request the identification of shareholders holding more than a certain percentage of shares or voting rights. Such a percentage shall not exceed 0.5 percent. The Danish regulator did not set a specific threshold.

**Transmission of Information**

In order to enable shareholders to exercise rights deriving from their shares, the intermediaries are required to transmit information without delay in compliance with issuer deadlines and record dates and in an electronic and machine-readable format which allow interoperability and straight-through processing (STP).

**Facilitation of Shareholder Rights**

The intermediaries are required to facilitate the exercise of shareholder rights. Voting instructions should be transmitted without delay in accordance with record dates and issuer deadlines. Vote confirmations and details about how shareholder votes were counted at the general meeting must be provided to shareholders.

**Transparency of Institutional Investors**

Institutional investors and assets managers are required to disclose their engagement policies annually.

**Transparency of Proxy Advisors**

Proxy advisors are required to publish on their websites annually a reference to a code of conduct which they apply and reports on the application of that code.

**Right to Vote on the Remuneration Policy and Report**

The remuneration policy should be submitted at the general meeting for shareholder approval upon each substantial change thereof or at least every four years. Before the implementation of the directive, any changes to the policy needed to be approved by shareholders.

The annual remuneration report should be submitted for shareholder approval at the annual general meeting which approves the financial statements for the accounting period when the remuneration report is prepared.

**Transparency on Related-Party Transactions**

Related-party transactions are not subject to approval by shareholders at the general meeting.

**Effective Date**

June 10, 2019

**GM Notice Period**

21 days

**Availability Remuneration Report**

21 days

**Policy Vote**

Binding

**Report Vote**

Advisory

**RPT Vote**

No



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