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Issuers & Shareholders: Information & Proxy Voting process in France

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Foreword

The reform in France

Why the reform ?

- global custodians and other intermediaries were not legally authorised to cast votes on behalf of Non-Resident shareholders, as well as Resident shareholders;
- by a legal requirement, shares were blocked from trading before the shareholders meeting;
- Electronic or Internet voting was not permitted



Foreword

The reform in France

What reform ?

- A Global custodian, which declares itself as a registered intermediary, may now cast votes on behalf of Non-Resident shareholders, since 2001
- provided that the ultimate shareholder agrees to be identified if the issuing company so requests.
- Blocking is abolished since 2002.
- Record date on D-3 since 2006
- Internet voting is now legally authorised since 2001



The reform in France

Main Dates

1984

De-materialized securities

2001

Intermediaries Registered on behalf of Non-Resident Shareholders

- The intermediary must file a claim to status as a Registered Intermediary
- Identification process of the owners of the shares
- A Registered Intermediary is eligible *to cast votes* on behalf of Non Resident Beneficial Owners

2001 & 2002

Electronic Voting

- A guide - related to a model of electronic ballot and transferring process – adopted both by issuers and bankers in 2002
- *Votaccess*, the French electronic voting system created by the French bankers
- operational in November, 2011.



The reform in France

Main Dates

2002

No more blocking

- You may sell all or part of your shares at any time

2006

Record date

- A *Record date* very close to the General Meeting, at D-3, since only the real owners of the share are supposed to vote.
- If you sell before D-3, the number of your shares will have to be corrected



The reform in France

Main Dates

2010

European rights of shareholders in listed companies – Proxy voting in France

- European Directive nr 2007/36/EC of 11 July 2007 on the exercise of certain rights of shareholders in listed companies
- Existing limitations on proxy voting removed in France :
- shareholders may now appoint any person to vote at General Meetings in their name.



The reform in France

Main Dates

2010

European rights of shareholders in listed companies – Proxy voting in France (continued)

- Safeguards against possible abuse of proxy voting :
- As a principle, the proxy holder is bound to observe the instructions he may receive from the shareholder
- No conflict of interest between the shareholder and the proxy
- The proxy is obliged to publish his proxy voting policy
- Proxy holder actively engaging in the collection of proxies :
- should the proxy be obliged to publish in advance each of the votes he or it intends to cast on each resolution ?



Main Wishes of the Issuers

Identifying the shareholders

Why?

- to ascertain that only shareholders take part in the ballot
- to ascertain that they each exercise the number of votes that they actually hold;
- statutory rights reserved for a number of shareholders, who need to prove their positions
- companies wish to communicate directly with their shareholders
- the shareholders themselves may wish to identify the other shareholders

Identification depends on the form of holding - director indirect- of the shares

Registered Securities versus Bearer Securities

Main Wishes of the Issuers

(continued)

PROXY Transparency

Proxies : more transparency

Proxy advisors : an efficient dialogue

Recommendation nr 2011-06 of the AMF:

A Proxy advisory firm :

- must disclose its voting policy
- is supposed to guarantee means adapted to its activity
- is bound to communicate to the issuers, sufficiently in advance,
- must disclose information about its business practices and potential conflicts of interest to clients.