



## **CEG Issues Note - Invoicing by intermediaries of responses to SI disclosure requests**

### **1. Introduction**

The CEG noted that intermediaries in some countries have started to charge issuers and issuer agents for the processing of SI requests. The CEG agreed that this topic should be closely monitored in order to observe whether this practice becomes increasingly commonplace across AMI-SeCo markets. As a follow-up, a short fact-finding questionnaire was launched as part of the 2023 CEG Monitoring exercise. The results of this questionnaire are presented in this note.

### **2. Analysis**

#### **2.1 Fact-finding questionnaire from the 2023 CEG Monitoring Exercise**

The fact-finding questionnaire consisted of the following three questions:

1. Do intermediaries charge for the provision of information/processing of shareholder identification disclosure requests in your market? If yes (or no but planned), please provide more information.
2. If intermediaries charge for the provision of information/processing of shareholder identification disclosure requests in your market, are the invoices sent to (i) other intermediaries (ii) the issuer/issuer agent or (iii) other?
3. Have any obstacles been identified regarding the handling of these invoices from a processing point of view? If yes, please provide more details (including information on the ISO message/other communication channel used for the provision of the invoice).

The replies provided by the assessed markets<sup>1</sup> are shown in the table below. Additional comments to each reply, if any, are provided in the three subsequent tables at the end of the note.

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<sup>1</sup> Excluding NBB-SSS, BNBGSSS, BOGS, Euronext Securities Oslo, SaFIR, SKARBNET4, SIX SIS (CH), SKD, and Euroclear UK & International as these CSDs do not handle equity instruments and/or SRDII is not applicable to the market or has been implemented too recently for a proper assessment.

Table 1: Summary of AMI-SeCo NSG replies to the CEG fact-finding exercise

| Market                                    | Q1             | Q2                      | Q3  |
|---|----------------|-------------------------|-----|
| AT - OeKB (T2S)                           | No             |                         | Yes |
| BE - Euroclear Bank (T2S)                 |                |                         |     |
| BE - EBe (T2S)                            | No             |                         |     |
| BG - CD AD (T2S)                          | No but planned |                         |     |
| CY - CSE                                  | No             | Other                   | No  |
| CZ - CSD Prague                           | Yes            | The issuer/issuer agent | No  |
| DE - CBF (T2S)                            | Yes            | The issuer/issuer agent | Yes |
| DK - Euronext Securities Copenhagen (T2S) | Yes            | The issuer/issuer agent | No  |
| EE - Nasdaq (T2S)                         | No             |                         |     |
| ES - Iberclear (T2S)                      | Yes            | The issuer/issuer agent | No  |
| FI - EFi (T2S)                            | Yes            | Other                   | Yes |
| FR - EF (T2S)                             | Yes            | The issuer/issuer agent | Yes |
| GR - ATHEXCSD                             | Yes            | The issuer/issuer agent | Yes |
| HR - SKDD (T2S)                           | Yes            | Other intermediaries    | No  |
| HU - KELER (T2S)                          | No             |                         |     |
| IE - Euroclear Bank                       |                |                         |     |
| IS - Nasdaq                               | No             |                         |     |
| IT - Euronext Securities Milan (T2S)      | Yes            | The issuer/issuer agent | No  |
| LI - SIX SIS                              | No             |                         |     |
| LT - Nasdaq (T2S)                         | No             |                         |     |
| LU - CBL                                  |                |                         |     |
| LU - LuxCSD (T2S)                         | No             | The issuer/issuer agent | Yes |
| LV - Nasdaq (T2S)                         | No             |                         |     |
| MT - MSE (T2S)                            | No             |                         |     |
| NL - ENL (T2S)                            | No             |                         |     |
| PL - KDPW                                 | Yes            | The issuer/issuer agent | No  |
| PT - Euronext Securities Porto (T2S)      | Yes            | Other                   | Yes |
| RO - Dep. Cen. (T2S)                      | No             |                         |     |
| SE - Euroclear Sweden                     | Yes            | The issuer/issuer agent | Yes |
| SI - KDD (T2S)                            | Yes            | The issuer/issuer agent | No  |
| SK - CDCP (T2S)                           | Yes            | Other                   | Yes |

Of the 28 responding markets, 14 reported that intermediaries in their markets charge for the provision of information/processing of shareholder identification disclosure (SID) requests. These markets are CSD Prague (CZ), DE, DK, ES, FI, FR, AthexCSD (GR), HR, IT, KDPW (PL), PT, SE, SI, and SK.

- In most of the markets listed above, invoices are sent to the issuer and/or the issuer agent. The only exception is HR, where invoices are sent to other intermediaries, and FI, PT, and SK, where invoices are sent to other (i.e. not specified) entities.
- In 10 markets, the CSD / the first intermediary is charging. These markets are CZ (CSD Prague), DK, ES, FI, AthexCSD (GR), IT, KDPW (PL), SE, SI, and SK.

- Three markets (ES, IT, PT) reported that other intermediaries further down the chain are also charging, while some markets (CSD Prague (CZ), FI, SE, SK) indicated not knowing whether these intermediaries charge.
- 2 markets, DK and PL, reported charges also originating from the issuer agent.
- In most markets, invoicing follows a 'bottom-up' approach, whereby intermediaries lower in the chain typically charge the intermediaries higher up in the chain. In KDPW (PL), the opposite approach is taken.

14 markets reported that their intermediaries do not charge for the provision of information/processing of SID requests. These markets are AT, Euroclear Belgium (BE), BG, CH, CY, EE, HU, IS, LI, LT, LU, LV, MT, NL, NO, and RO.

Seven markets identified obstacles regarding the handling of these invoices from a processing point of view. These markets are DE, FI, FR, GR, PT, SE, and SK. The explanations behind these obstacles put forward by these markets are numerous and are provided in full at the end of this note. Several markets highlighted a lack of harmonisation and difficulties to authenticate the received billing information, which, in turn, results in a reluctance or outright refusal from some recipients to pay the invoices. Finally, some markets (SE) are not aware of any ongoing dialogue on the invoicing of fees for processing SID requests.

## **2.2 German regulation on the reimbursement of intermediaries' expenses**

In the German market, it is noted that a draft regulation on the reimbursement of intermediaries' expenses is currently under preparation (available [here](#) in German only). The draft regulation, which is relevant for the processing of CA events, proxy voting and disclosure requests under SRD II, would not be an entirely new German law but instead an update of an existing law to consider changes brought about by the introduction of SRD II.

## **3. Conclusion**

The analysis in section 2 shows that the SID process is fragmented both in terms of business practices (level of fees) and operational processes (billing). Aside from the observation of fees to process SID requests in half of the reporting markets, the feedback received exhibits a need for more transparent, harmonised, non-discriminatory and proportionate charges. Furthermore, there is a lack of harmonisation in terms of invoicing format, content of information exchanged, and invoicing flows, where diverging practices within and across markets materialise into non-machine-readable invoice formatting and unstructured workflows.

## Annex: comprehensive replies to the CEG questionnaire on the invoicing of SID requests

### Question 1 - additional information

Q1: Do intermediaries charge for the provision of information/processing of shareholder identification disclosure requests in your market? If yes (or no but planned), please provide more information.

| Market                              | Reply to Q1    | Additional information   |
|-------------------------------------|----------------|--|
| AT - OeKB                           | No             |  |
| BE - EB                             |                |  |
| BE - EBe                            | No             |  |
| BG - CD AD                          | No but planned |  |
| CY - CSE                            | No             |  |
| CZ - CSD Prague                     | Yes            | The CSD charges for the provision of information the same fee as it would charge in case of the statement of the issue. CSD Prague cannot confirm if other intermediaries charge their own fees.   |
| DE - CBF                            | Yes            | Charges should be more transparent, harmonised, non-discriminatory and proportionate in relation to the actual costs incurred for delivering the services, as advised by ESMA.   |
| DK - Euronext Securities Copenhagen | Yes            | CSD invoice, as first intermediate, in accordance with published table of fees. Often, Issuer Agents also invoice a fee concerning the registration of the request in the CSD system.  |
| EE - Nasdaq CSD                     | No             |  |
| ES - Iberclear                      | Yes            | CSD's comments:<br>Two intermediaries from the custody chain requested Iberclear to pay fees for the reporting of their disclosure information in some identification requests.<br>Custodians' comments:<br>One custodian informs they do not charge<br>One credit institution responds that the CSD charges for shareholder identification services   |
| FI - Euroclear Finland              | Yes            | The CSD only charges its own costs from the issuer. No information whether all intermediaries charge their costs from the issuer.  |
| FR - Euroclear France               | Yes            | To the discretion of each intermediary. The request for identification will be charged<br>When the SI Provider is Euroclear (InvestorInsight) possibility to opt-in for a billing process since April 2023   |
| GR - ATHEXCSD                       | Yes            | ATHEXCSD charges for the service for shareholders' disclosure, in line with article 30 of the Greek Law no. 4706/2020 transposing article 3d of Directive (EU) 2017/828 (SRD II), according to its price list published on ATHEXCSD website (link: <a href="https://www.athexgroup.gr/web/guest/athexcscd-resolutions">https://www.athexgroup.gr/web/guest/athexcscd-resolutions</a> , under service "B04. Registry Service", section "6. Conversion of identification request files and provision of shareholder identification files". More specifically, the applicable fee is the following: "Provision of a shareholder identification file": EUR 0.10 per identification entry, Minimum: EUR 100, VAT 24%) |
| HR - SKDD                           | Yes            | Provision is charged in line with Fee Schedule of intermediaries.  |
| HU - KELER                          | No             |  |
| IE - Euroclear Bank                 |                | To the discretion of each intermediary. The request for identification will be charged<br>When the SI Provider is Euroclear (InvestorInsight) possibility to opt-in for a billing process since April 2023   |
| IS - Nasdaq CSD                     | No             |  |

| Market                                | Reply to Q1 | Additional information   |
|---------------------------------------|-------------|--|
| <b>IT - Euronext Securities Milan</b> | Yes         | The first intermediary applies a fee of €250 per event; Italian intermediaries apply a fee to be defined and agreed by the issuer (usually €2,90 each identified shareholder).                               |
| <b>LI - SIX SIS</b>                   | No          |  |
| <b>LT - Nasdaq CSD</b>                | No          |  |
| <b>LU – CBL</b>                       |             |  |
| <b>LU - LuxCSD</b>                    | No          | Not in LuxCSD case.  |
| <b>LV - Nasdaq CSD</b>                | No          |  |
| <b>MT - MSE</b>                       | No          | No charges have been imposed until now. However, a request from an intermediary to provide billing details in the event of a disclosure request has been received.   |
| <b>NL - ENL</b>                       | No          |  |
| <b>PL - KDPW</b>                      | Yes         | Intermediaries do not charge directly; the fee is charged by the CSD (as an issuer agent and the first intermediary) and then distributed to the other (second level) intermediaries being CSD participants. |
| <b>PT - Euronext Securities Porto</b> | Yes         | There are some charges being received by the Issuer and the CSD from intermediaries that are not direct participants of the CSD  |
| <b>RO - Depozitarul Central</b>       | No          |  |
| <b>SE - Euroclear Sweden</b>          | Yes         | At least the CSD charges for this. Intermediaries may charge, as per the published SRD II fee disclosures, but we are unable to discuss in the market if this possibility is used.                           |
| <b>SI - KDD</b>                       | Yes         | KDD does charge a provision for processing Issuer's request. KDD has no information on other intermediaries' charging for this service.  |
| <b>SK - CDCP</b>                      | Yes         | CSD: The CSD Slovakia price list includes a fee for the request for shareholder identification.  |

## Question 2 - additional information

Q2: If intermediaries charge for the provision of information/processing of shareholder identification disclosure requests in your market, are the invoices sent to (i) other intermediaries (ii) the issuer/issuer agent or (iii) other?

| Market                                     | Reply to Q2             | Additional information  |
|--|-------------------------|---|
| <b>AT - OeKB</b>                           |                         |   |
| <b>BE - EB</b>                             |                         |   |
| <b>BE - EBe</b>                            |                         | N/A   |
| <b>BG - CD AD</b>                          |                         |   |
| <b>CY - CSE</b>                            | Other                   |   |
| <b>CZ - CSD Prague</b>                     | The issuer/issuer agent | CSD Prague sends its invoices to the issuer. CSD Prague has not received any invoice of other intermediaries so they would send the invoices directly to the issuer or agent.                     |
| <b>DE - CBF</b>                            | The issuer/issuer agent | To the issuer.  |
| <b>DK - Euronext Securities Copenhagen</b> | The issuer/issuer agent | From CSD to issuer agent.   |
| <b>EE - Nasdaq CSD</b>                     |                         |   |
| <b>ES - Iberclear</b>                      | The issuer/issuer agent | CSD's comments: If intermediaries request the payment of any fee related to the SI disclosures, those bills are sent to the issuer. Custodians comments: One custodian informs they do not charge |
| <b>FI - Euroclear Finland</b>              | Other                   | The CSD only charges its own costs from the issuer. No information whether all intermediaries charge their costs from the issuer or from the issuer agent.  |

| Market                         | Reply to Q2             | Additional information   |
|--------------------------------|-------------------------|--|
| FR - Euroclear France          | The issuer/issuer agent | To the discretion of each intermediary. The request for identification will be charged to the issuer agent (SI Provider)<br>When the SI Provider is Euroclear (InvestorInsight) possibility to opt-in for a billing process since April 2023 |
| GR - ATHEXCSD                  | The issuer/issuer agent | ATHEXCSD informs the Issuer/Issuer Agent directly after receiving the SI Request of its fees and requests their tax details in order to invoice them after providing the shareholder identification disclosure                               |
| HR - SKDD                      | Other intermediaries    |  |
| HU - KELER                     |                         | N/A  |
| IE - Euroclear Bank            |                         | To the discretion of each intermediary. The request for identification will be charged<br>When the SI Provider is Euroclear (InvestorInsight) possibility to opt-in for a billing process since April 2023                                   |
| IS - Nasdaq CSD                |                         |  |
| IT - Euronext Securities Milan | The issuer/issuer agent |  |
| LI - SIX SIS                   |                         |  |
| LT - Nasdaq CSD                |                         |  |
| LU – CBL                       | N/A                     |  |
| LU - LuxCSD                    | The issuer/issuer agent | Issuers do.  |
| LV - Nasdaq CSD                |                         |  |
| MT - MSE                       |                         | This is still to be discussed.   |
| NL - ENL                       |                         | n/a  |
| PL - KDPW                      | The issuer/issuer agent | The CSD sends the invoice to the issuer, other intermediaries send the invoice to the CSD (as an issuer agent).  |
| PT - Euronext Securities Porto | Other                   | The invoices are being sent to the Issuer and to the CSD   |
| RO - Depozitarul Central       |                         |  |
| SE - Euroclear Sweden          | The issuer/issuer agent | At least the CSD charges for this, and the CSD charges the issuer. Intermediaries may charge, as per the published SRD II fee disclosures, but we are unable to discuss in the market if this possibility is used.                           |
| SI - KDD                       | The issuer/issuer agent | KDD charges a provision to Issuer.   |
| SK - CDCP                      | Other                   | CSD: We do not have this information.<br>Custodian: Not applicable - No charges / invoices applied on the market in connection with SI requests.   |

### Question 3 - additional information

Q3: Have any obstacles been identified regarding the handling of these invoices from a processing point of view? If yes, please provide more details (including information on the ISO message/other communication channel used for the provision of the invoice).

| Market          | Reply to Q3 | Additional information                     |
|-----------------|-------------|--|
| AT - OeKB       | Yes         | Third party agents never accepted invoices |
| BE – EB         |             |  |
| BE - EBe        |             | N/A  |
| BG - CD AD      |             |  |
| CY - CSE        | No          |  |
| CZ - CSD Prague | No          |  |

| Market                              | Reply to Q3 | Additional information   |
|-------------------------------------|-------------|--|
| DE - CBF                            | Yes         | The lack of an harmonised invoicing process leads to difficulties in the invoicing processing and to non-transparent charges.  |
| DK - Euronext Securities Copenhagen | No          |  |
| EE - Nasdaq CSD                     |             |  |
| ES - Iberclear                      | No          |  |
| FI - Euroclear Finland              | Yes         | The issuers have challenges in reconciling the invoices they receive from intermediaries (whether the intermediary is valid, the amount is valid etc.)   |
| FR - Euroclear France               | Yes         | At the beginning, reluctance to pay the bill.  |
| GR - ATHEXCSD                       | Yes         | In most cases, foreign issuers/issuer agents receiving through email the information of ATHEXCSD regarding its fees, do not provide their tax details as they do not acknowledge ATHEXCSD's right to charge or they do not want to pay for the SI disclosure                   |
| HR - SKDD                           | No          | We are not aware of such obstacles.  |
| HU - KELER                          |             |  |
| IE - Euroclear Bank                 |             | At the beginning, reluctance to pay the bill.  |
| IS - Nasdaq CSD                     |             |  |
| IT - Euronext Securities Milan      | No          |  |
| LI - SIX SIS                        |             |  |
| LT - Nasdaq CSD                     |             |  |
| LU - CBL                            |             |  |
| LU - LuxCSD                         | Yes         |  |
| LV - Nasdaq CSD                     |             |  |
| MT - MSE                            |             |  |
| NL - Euroclear Nederland            |             | n/a  |
| PL - KDPW                           | No          |  |
| PT - Euronext Securities Porto      | Yes         | Some issuers are questioning these invoices.   |
| RO - Depozitarul Central            |             |  |
| SE - Euroclear Sweden               | Yes         | We are unable to discuss in the market if the possibility of charging is used, but we can say that the lack of market practice means that invoicing, when used by intermediaries other than the Swedish CSD, is fragmented and may be difficult to handle.                     |
| SI - KDD                            | No          |  |
| SK - CDCP                           | Yes         | CSD: We do not have this information.<br>Custodians: Not applicable - no charges / invoices applied on the market in connection with SI requests. All invoices that we as an intermediary sent (in paper form by post) to foreign agents were rejected by agents and not paid. |