

**ICGN**

International Corporate Governance Network

Aan het Ministerie van Financiën  
T.a.v. de Minister van Financiën  
Postbus 20201  
2500 EE Den Haag  
Den Haag  
Netherlands

4 July 2019

Dear Madam/Sir,

**Re: Draft bill on the extension of shareholders' notification obligations**

Led by investors responsible for assets under management in excess of US\$34 trillion, ICGN is a leading authority on global standards of corporate governance and investor stewardship. Our membership is based in more than 45 countries and includes companies, advisors and other stakeholders. ICGN's mission is to promote high standards of professionalism in governance for investors and companies alike in their mutual pursuit of long-term value creation contributing to sustainable economies world-wide. Our policy positions are guided by the ICGN Global Governance Principles<sup>1</sup> and the ICGN Global Stewardship Principles<sup>2</sup>, both of which have been developed in consultation with ICGN Members and as part of a wider peer review. For more information on ICGN please see: [www.icgn.org](http://www.icgn.org).

ICGN has long been active in promoting good corporate governance in the Netherlands and in major markets around the world, and one of our guiding policy priorities is to protect minority shareholder rights.<sup>3</sup> As part of this policy agenda, ICGN monitors the development new legislative proposals that will impact the rights and responsibilities of our institutional investor base. Our investor members hold significant equity positions in Dutch companies, and we have engaged with Dutch policy makers on several occasions.<sup>4</sup> ICGN would like to build upon this dialogue to respond to the Dutch Ministry of Finance's consultation on the proposed Draft Bill on lowering the first notification threshold for substantial shareholdings, Voorontwerp wet uitbreiding meldplichten aandeelhouders (hereafter Draft Bill).

In the Draft Bill it is proposed to lower the first threshold for shareholders to notify substantial shareholdings in Dutch listed companies from 3 % to 2% of the issues share capital and / or voting rights. The premise of the proposal is that by lowering the first notification threshold

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<sup>1</sup> See: ICGN Global Governance Principles:  
[http://icgn.flpbks.com/icgn\\_global\\_governance\\_principles\\_jpn/](http://icgn.flpbks.com/icgn_global_governance_principles_jpn/)

<sup>2</sup> See: ICGN Global Stewardship Principles:  
[https://www.icgn.org/sites/default/files/ICGN\\_Global\\_Stewardship\\_Principles\\_JPN\\_1.pdf](https://www.icgn.org/sites/default/files/ICGN_Global_Stewardship_Principles_JPN_1.pdf)

<sup>3</sup> See ICGN Policy Priorities:  
<https://www.icgn.org/sites/default/files/ICGN%20Policy%20Priorities%202018-9.pdf>

<sup>4</sup> See: ICGN comment letter on a 250 day response time for takeovers (May 2017)  
<https://www.icgn.org/sites/default/files/Dutch%20antitakeover%20bill%20May%202017.pdf>

ICGN comment letter to the Dutch Ministry of Justice and Safety on the response time to hostile takeovers in the Netherlands, (February 2019):  
<https://www.icgn.org/sites/default/files/Response%20Consultation%20Draft%20Bill%20Regarding%20the%20Introduction%20of%20a%20Response%20Time%20of%20a%20Maximum%20of%20250%20days%20%28Netherlands%29%207%20Feb%2019.pdf>

there will be increased transparency to the capital markets about voting and capital positions of shareholders. The Draft Bill suggests that the introduction of the lower 2% reporting threshold will also contribute to a more constructive dialogue between shareholders and companies. A further premise is that this will improve the relationship of a company with its (long-term) shareholders.

ICGN shares the view that a constructive dialogue between a company and its shareholders is an imperative for good corporate governance. This is reflected in ICGN's Global Stewardship Principles, which set out ICGN's view of best practices in relation to investor stewardship obligations, policies and processes. While we are supportive of the Draft Bill's underlying objective to improve the relation between companies and its (long-term) shareholders, we believe that the proposed measures in the Draft Bill are not the right way to achieve this objective. Indeed, we believe that the proposal to lower the initial notification threshold is a flawed tactic that comes at a cost to institutional investors. Lowering the initial notification threshold will trigger a significant additional administrative burden for shareholders for only marginal informational gains.

Accordingly, ICGN does not see the added value of the proposed measures in the Draft Bill, as Dutch listed companies already have several means available to identify their larger shareholders. This includes, among others, the possibility to request intermediaries to identify all their shareholders with a holding of at least 0.5% of the share capital. We share the position taken by the Dutch corporate governance association Eumedion that the introduction of an extra 2% notification threshold to promote dialogue is unnecessary and does shareholders more harm than good.

We also observe that the suggested first notification threshold of 2% is very low by international standards and deviates from the lowest reporting thresholds we see in most other EU Member States. With the ongoing discussions about the creation of a real European Capital Market Union, we would be supportive of more harmonization when it also comes to notification standards. The first EU wide notification threshold is 5% and the Netherlands currently already applies a lower 3% notification threshold. Therefore, further lowering the notification threshold would lead to more discrepancies with other EU Member States and adds another reporting complexity for the global investor community with investments in the Dutch listed companies.

We hope these comments are helpful with regard to your deliberations on these matters. Please contact ICGN Policy Director George Dallas if you would like to discuss this in further detail: [george.dallas@icgn.org](mailto:george.dallas@icgn.org).

Yours sincerely,



**Kerrie Waring**  
Chief Executive Officer, ICGN

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