The Shareholders Directive II (SRD II) Process

Introduction and Overview

SRD II has been in discussion and planning for around 2 years, and whilst there is a call to delay its implementation, we, at TCS BaNCS are pushing ahead with our solutions to address and meet the Directive.

The objectives of SRD II are well known but the impact of it, whilst commonly understood, is still unravelling. At TCS BaNCS we have broken down the 3 key areas of change, as the approach, background and offering across them differ:

- Shareholder Identification
- General Meetings / Proxy
- Other Corporate Actions Events

Shareholder Identification (SI)

Whilst for some countries this is not a new process, for many others it will be. The main changes will be around methods, timelines and volumes, with each element having an immediate impact on the current Operations and Governance processes.

At TCS BaNCS, we are leveraging on our years of Corporate Action processing, experience and knowledge, along with our system capabilities and flexibility to create a module to manage the SI processing end to end. This functionality is based on the ability and need to adhere to the 5 new ISO 20022 messages, to use the position / eligibility extract tools and to have updated client identification static data.

The offering will:

- Automatically receive (or create) the SI request
- Complete verification of the request
- Identify the eligible clients along with their classification and their full details
- Automatically respond to the Issuer / Agent / Sender
- Automatically forward on the request to Intermediaries
- Allow for the identification of any processing breaches

General Meetings / Proxy (PV)

Proxy, General Meeting, Voting- it has various titles and descriptions, but it is an existing event whose use and participation in is mixed and varied. There are some clients who proactively participate in the process and there are others who take no action at all. The Directive wants to encourage all clients to participate in these events and to take greater responsibility in how the company is managed.

At TCS BaNCS we are enhancing our current PV offering. We will accommodate and process the 8 new ISO 20022 standard messages, in addition to the current ISO 15022 messages and offer the ability for manual creation, if required.

In addition to the messaging, there will be new and enhanced screens, a comprehensive rule with guidelines set up and changes to the Proxy service, which will improve the User Experience and Operational Efficiency of the PV process overall.

The offering will:

- Support both the existing ISO15022 and the new ISO 20022 messages
- Offer Rule based and straight through processing (STP) of announcement messages and client notifications
- Identify eligible clients and their interested parties
- Offer Automated/STP notifications to clients based on subscription in preferred format and authorised recipient.
- Automatically respond to the Issuer / Agent / Sender
- Automatically capture voting results and generate distribution of results to clients

Other CA Events

The existing functionality of TCS BaNCS will manage the changes here seamlessly, and along with the SR2020 changes will be able to meet the Directive in full.

There will be minor additions to the product offering -

- Dedicated SRD II dashboards for manging SLA/deadlines as per the Directive
- Addition of SRD II parameters in required rules to ensure effective processing management

In Summary & Our Thoughts

The changes suggested within the Directive will certainly improve the corporate action experience for the End Client - they will have quicker event details, better deadlines and more event information in terms of Proxy Events.

However, even with all this information, will a client be more interactive and participate in more (proxy) events? Is it possible that the client might get an overload of event information, which could prove to overwhelming and have a detrimental effect?

Operationally, there is now more emphasis on Custodians and Asset Service Providers to ensure that event details are available as quickly as possible

The new messages in the ISO 20022 standards will make the notification more standardized and hopefully increase the level of STP while reducing manual interaction, but will clients adopt these message types? Or will there need to be additional / alternative facilities for the clients to be able to receive and respond still? Will this lead to an increase in Portals or Apps to improve the client engagement and overall experience?

TCS BaNCS for Corporate Actions welcomes initiatives like SRD II, as it aims to standardize current processes, ensures strong client participation and allows us to build even better solutions for our clients.

About TCS Financial Solutions

TCS Financial Solutions is a strategic business unit of Tata Consultancy Services. Dedicated to providing business solutions to financial institutions globally, TCS Financial Solutions has compiled a comprehensive product portfolio under the brand name of TCS BaNCS. The TCS BaNCS universal financial solution is designed to help financial services institutions enhance end customer experience, enabling them to embrace open and innovative technologies that embody true digital customer engagement. Deployed at more than 450 installations worldwide, it is the largest collection of components, enterprise and consumer apps for the financial industry made available through the cloud, helping firms become more agile and intelligent by leveraging the power of new and extended ecosystems.

To know more about TCS BaNCS, please visit: https://www.tcs.com/bancs

About Tata Consultancy Services (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for the last fifty years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This is delivered through its unique Location Independent Agile delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 417,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US $19.09 billion in the fiscal year ended March 31, 2018, and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India. TCS' proactive stance on climate change and award winning work with communities across the world have earned it a place in leading sustainability indices such as the Dow Jones Sustainability Index (DJSI), MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit us at www.tcs.com.

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