

# Digital Voting Services for Shareholder Meetings

Whitepaper

**BME X**

a SIX company

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## 1 Overview

### 1.1 Purpose of this document

The purpose of this document is to describe the services offered by Iberclear in relation to the management of digital voting for shareholder Meetings.

### 1.2 Who is this document intended for?

- Issuers for Annual General Meetings (AGMs).
- Agent entities of the various issuers.
- Participant entities with a position who need to manage votes for their own account or for their institutional or retail customers for domestic and foreign shares.
- Service providers of Annual General Meetings.

### 1.3 High level overview of the solution

In order to provide support for participant entities and issuers in their regulatory obligations with regard to the SRDII, Iberclear has analyzed the current context and the possible needs of said actors. Iberclear has studied the market by creating a Working Group with the objective of identifying the needs and current issues with regard to managing voting. Based on this understanding and always considering the regulatory implications under SRDII, a solution is being developed that covers the following requirements:

- Global market solution: Solution that covers the concerns, expectations and needs of the market in a uniform manner.
- Contributing added value: Added value for participant entities and issuers in the fulfillment of their obligations. The objective is to achieve an increase in efficiency in the voting process for AGMs from an operational standpoint.
- Providing support for compliance: Support in compliance with regulations for participant entities and issuers.

### 1.4 Who is this service aimed at?

The type approach on which the solution has been developed makes it possible for issuers and participant entities to manage digital voting services:

- Digital voting service for issuers: The service for issuers is a service with a comprehensive approach to the process of managing voting for AGMs.
- Digital voting service for participant entities: The service makes it possible for participant entities to manage the AGMs convened by national or foreign issuers.

### 1.5 Scope of the service

The service offered by Iberclear considers all requirements under the SRDII for the following services:

- Meeting notification and agenda.
- Voting rights on the part of shareholders and ultimate beneficiaries.
- Vote management.
- Vote confirmation.

## 1.6 Type of Meetings Supported

Iberclear, through the digital voting service, facilitates management of the following types of Shareholder Meetings:

- Meetings for domestic securities.
- Meetings of issuers of foreign securities held in custody by Iberclear: Cross Border Services (CBS) securities.
- Meetings of issuers of foreign securities not held in custody by Iberclear (EU markets).

## 1.7 What does digital voting management consist of?

Iberclear establishes a digital solution that connects the issuer and the participant entities, with the final goal of being able to manage communication of the vote of the institutional and retail shareholder automatically between said actors.

The proposed solution comprises a platform that manages the sending and management of the vote and will have a flexible approach with the objective of integrating the current vote management processes carried out by participant entities and issuers.

The role of this tool in the current market is to facilitate the exercising of the right to vote through digital means, in order to generate more flexibility and efficiency in the process.

## 2 BREAKDOWN OF THE DIGITAL VOTING SERVICES

### 2.1 Main services offered

The main objective is to achieve the digitization of communication between the issuer and participant entities. For this, the following functionalities will be implemented:

- New platform for sending votes on the part of participant entities.
- Automation of the process for management and sending of the vote.
- Automation of the vote management process at foreign general shareholder meetings.
- New platform for issuers that displays positions and votes received from their shareholders.

### 2.2 Service for issuers

The service offers a solution to issuers that makes it possible to carry out comprehensive management of the meeting by centralizing the voting process and increasing the efficiency in the management thereof. In addition, it makes it possible for issuers to comply with SRDII in a simple way with hardly any internal measures.

#### 2.2.1 Main Advantages of the platform for issuers:

- **Monitoring data:** The issuer will be able to access information on the quorum and the sending of votes at any time.
- **Reduction in physical cards through a new voting channel:** Through the establishment of a voting platform.
- **Facilitating vote confirmation and compliance with SRDII:** The platform facilitates compliance and the confirmation of votes on the part of participant entities and issuers electronically and post-meeting in accordance with SRDII regulations.
- **Ease in deploying the platform in the systems:** The solution minimizes the need for technological measures, as the solution involves a repository to which positions and votes are sent digitally. In addition, the connection provides new possibilities for communication with the CSD.

### 2.3 Service for participant entities

The service offers participant entities harmonization in the management of all currently held meetings through a solution that is tailored to the needs of the market. Moreover, it allows participant entities to make the voting process more flexible and efficient through a platform that fully complies with the requirements established in SRDII.

For participant entities, 2 possible scenarios are identified:

- 1. The role of participant entities when the issuer is enrolled in the service offered by Iberclear**  
Participant entities play a fundamental role in the process of management and quality of the information loaded on the platform. Participant entities may upload and update their positions with the desired frequency in order to allow their shareholders to vote at any time through the digital voting platform.
- 2. The role of participant entities when the issuer is not enrolled in the service offered by Iberclear**

Regardless of whether the issuer is enrolled in the service, any participant entity may manage the meeting individually for its positions. For this, the participant entity must load the positions eligible to participate in the meeting and subsequently exercise the shareholder voting right on the platform.

This functionality makes it possible for the participant entities to manage the following types of meetings:

- Meetings in the domestic market for issuers who are not enrolled in the digital voting management service.
- Meetings in the foreign market regardless of whether Iberclear is the depository of the securities

### 2.3.1 Main Advantages of the platform for the participant entities:

- **Ease of managing the Meetings:** The platform will provide participant entities with a standard messaging format for voting. This vote will be able to be sent to the issuer or agent of the issuer, whether national or foreign.
- **Global coverage for Meeting management:** Participant entities, regardless of whether the issuers are enrolled in the service, will be able to manage the meetings of domestic securities and foreign securities, whether or not they are held in custody by Iberclear.
- **Reduction of physical cards through a new voting channel:** With the use of the platform provided by Iberclear.
- **Connection with a single contact for all AGMs:** Greater efficiency of the processes by connecting with a single contact (Iberclear) to manage the meetings of all issuers.
- **Ease in deploying the platform in the systems:** The solution minimizes the need for technological measures, as it involves a repository to which positions and votes are sent electronically. In addition, the connection provides new possibilities for communication with the CSD.

## 2.4 What does the platform comprise?

The digital voting platform used by Iberclear comprises a digital solution that provides a centralized connection for participant entities and issuers with the goal of making the communication of votes more flexible and efficient, while guaranteeing compliance with the SRDII.

The platform considers all requirements regarding data security and protection in order to guarantee the confidentiality and protection of information stored in the systems.

Both participant entities and issuers will be able to access it in a simple way through the usual means of connection with Iberclear. In addition, this solution minimizes development needs and improves communications through a single platform connection for issuers and entities.

## 2.5 Breakdown of the flow

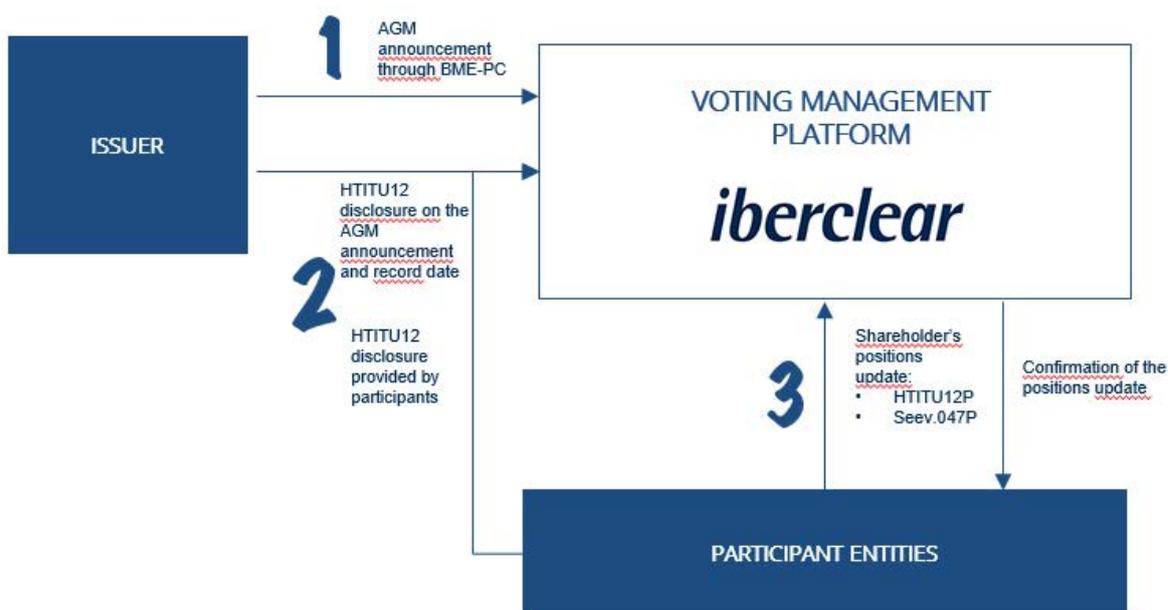
The proposed solution is implemented by using a platform that manages shareholder data and makes it possible to send the votes to the issuers. On this platform, all participant entities who are enrolled in the digital voting services can vote. In addition to voting, the platform makes it possible for issuers to send the confirmations of the votes in accordance with the SRDII.

The main stages of the digital vote management process are illustrated below:

### 2.5.1 Notification of the AGM and request for uploading positions

In order to obtain all data necessary to register the shareholders on the platform, it is necessary to first include the data relative to the meeting, and then the data relative to the positions of each one of the shareholders. For this, it is necessary to make the following data uploads to the platform:

#### Overview of the flow of Notification and uploading of positions



#### 1 Loading data on the AGM sent by the issuer

In order to load the data relative to the corresponding Meeting onto the platform, there are 3 different processes based on the type of meeting that is going to be managed:

- For meetings on the domestic market, the issuers will send the AGM through the current process through BME-PC.
- For meetings of CBS securities, the meeting will be loaded automatically by Iberclear.
- For meetings of foreign securities not held in custody by Iberclear, the participant entities will be able to check the information on the meetings on the platform.

#### 2 Request from the issuer for identification of its shareholders.

After sending the details of the meeting, the issuer will request the identification of its shareholders through BME-PC, by way of the shareholder identification request with participant entities that have a position or operations pending settlement in the security code of the request.

If the issuer is not enrolled in the service, the participant entity will be able to load the positions eligible to participate in the AGM through file HTITU12P.

When the Record Date has been reached, it is necessary to make another upload to the application in order to update the information of the application and adjust the position of the shareholders at said

date, due to possible securities transactions that may have been carried out since the notification of the meeting and the Record Date.

### 3 Updating of Positions by the participant entities.

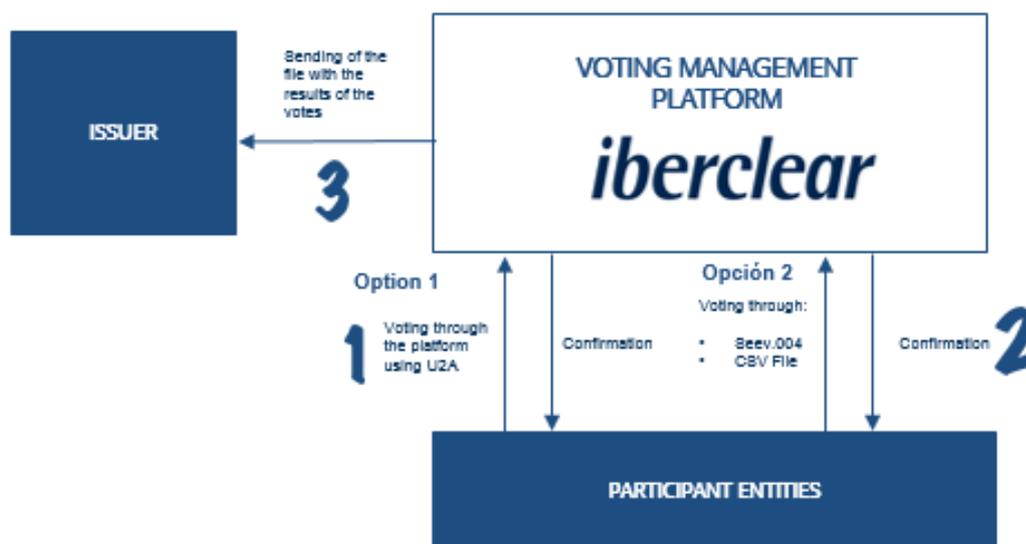
In order to optimize the information that the platform contains and to keep it updated, the participant entities are given the option to update positions. For this, the participant entities may send an HTITU12P or Seev.047P, indicating the new positions. The platform will confirm the new positions and will allow voting according to the updated volume of positions.

## 2.5.2 Vote management

Once the positions are loaded on the platform, the participant entities will be able to send the votes of their accounts via U2A on the platform or via A2A through ISO20022 messaging or in CSV format.

In accordance with SRDII regulations, the participant acting for the account of various ultimate beneficiaries, may in any case split the vote and exercise it another way in compliance with different voting instructions, if they receive them. Therefore, the participant entities may vote in partial amounts for those *nominees* that they are voting for on behalf of several beneficiaries.

### Overview of the flow of vote management on the platform



### 1 Voting of participant entities

The voting service offered by Iberclear gives participant entities the following options:

#### Option 1: Online voting through the platform (U2A)

Once the authentication data is received along with the means of access to the application, the user of the participant entity accesses the application and will be able to send their votes for the corresponding meeting. In addition, once the user has accessed the site, the following actions may be performed:

- View the agenda.
- View the issuer's instructions for participating in the AGM.

- Vote/Delegate.
- View and download the confirmation of the vote.

### **Option 2: Voting by messaging (A2A)**

Once the positions of the shareholders are loaded, the participant entities may send their votes by the following means:

- ISO20022 Messaging: participant entities may send the votes via ISO20022 messaging to the platform. The vote may be delegated in the chairperson and in a third party.
- CSV File: participant entities may send the votes in a CSV file.

## **2** Vote **Confirmation**

After exercising the right to Vote, Iberclear will send to the participant entities confirmation of the voting receipt in the same format as that used for the vote.

## **3** Sending the results of the votes to issuers

Issuers may consult the data online or by receiving a post-meeting file with the voting data registered on the platform. The two ways for the issuers to view the votes are identified below.

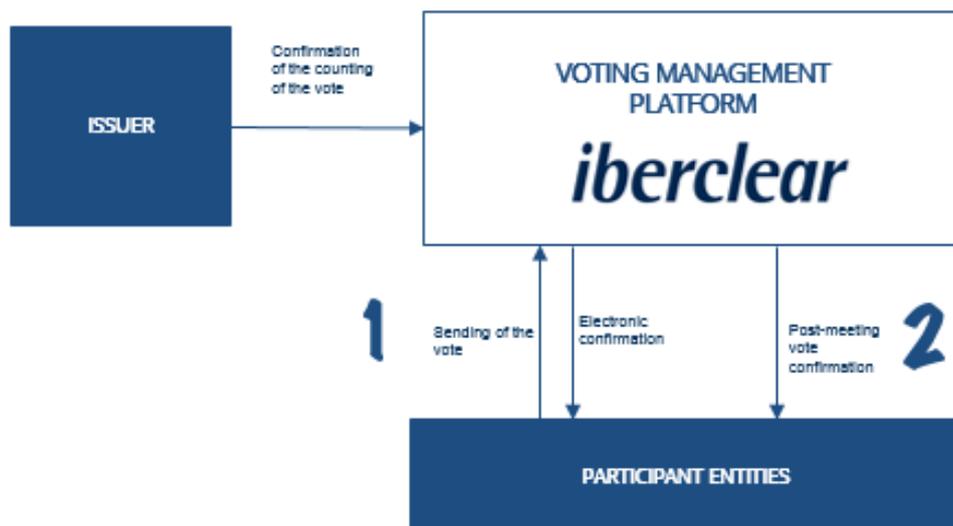
- Online: issuers may at any time view the status of the votes received on the platform online. There are two main display screens:
  - Percentage of shares available on the platform that have been voted compared to the total number of shares.
  - Screen that identifies the outcome of the vote that is being carried out online.
- Receipt of file containing voting instructions: Once the votes are received from all participant entities, on the date agreed with the issuer enrolled in the service, the data for the votes received will be sent via a proprietary file. Subsequently the issuer will load the data on its vote management platform.

### 2.5.3 Vote confirmation

One of the main design objectives for this new platform is to facilitate the confirmation of votes and compliance with SRDII. The platform facilitates compliance with the following SRDII requirements:

- Digital confirmation: All users who vote on the platform will receive a digital confirmation in the same way that the vote is sent.
- Post-meeting confirmation: All participant entities who want one may request the confirmation, that the vote has been counted at the AGM, on the part of the issuer.

## Overview of the confirmation process



### 1 Confirmation of the digital vote via the platform

For votes cast electronically directly from the tool, the application confirms that the vote has been registered. The vote confirmation is displayed on the screen.

On the other hand, for votes sent through messaging, the confirmation is given by a message in the same format as that used by the participant entity.

### 2 Confirmation of the vote by shareholder request

Once the general meeting has been held and within a term of one month thereafter, a shareholder may request confirmation that the votes corresponding to their shares have been registered and counted correctly by the company, unless they already have this information.

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