

The registration of securities holders

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
1. INTRODUCTION.....	6
1.1 Objective of the report.....	6
1.2 What do we mean by the registration of securities holders?	7
2. REGULATORY REQUIREMENTS	9
2.1 Legal basis and legal effect of registration	9
2.2 Scope of the registration requirement.....	13
3. CONTENTS OF THE REGISTER	19
3.1 Level of the registration.....	19
3.2 Information gathered on registered securities holders.....	20
4. PROCESS FOR UPDATING THE REGISTER	23
4.1 Responsibility for maintaining the register	23
4.2 Actions required to update the register	25
5. CONCLUSION	27
ANNEX: LIST OF CSDs AND COUNTRIES	28

Executive Summary

The registration of securities holders refers to the process of recording ownership or legal holding in securities in an official list called the register. This list facilitates the identification of securities holders by issuers and regulators.

Registration requirements differ from country to country, and are not harmonised at European level. This report provides an overview of existing legal requirements in 38 European markets, as well as a high level description of the processes in place for updating the register.

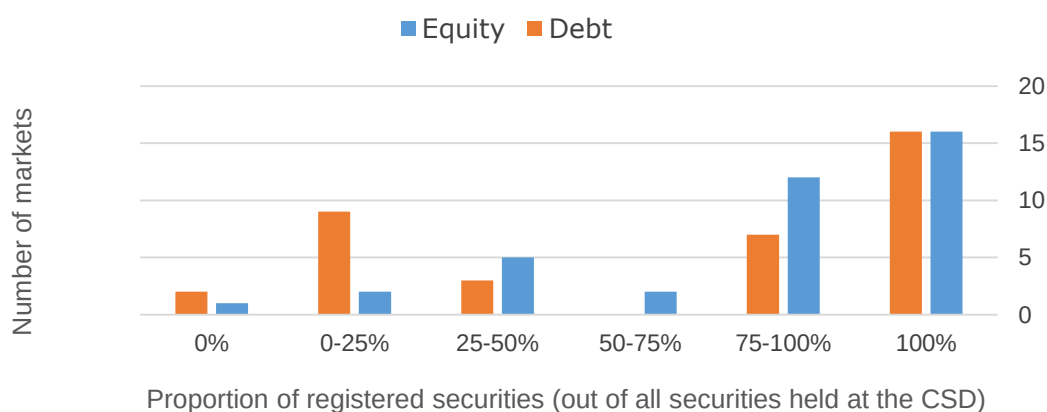
- **Registration grants a certain level of legal protection to securities holders**

The recording of securities holdings in the register has legal effects. Although these differ across markets, registration typically means that the investor's rights over the securities are enforceable towards the issuer, such as the right to receive a dividend or interest payment.

- **Shares are more frequently subject to registration requirements than bonds**

Registration requirements are generally associated with the holding of shares because companies have a strong interest in being able to identify their shareholders. Unlike bondholders, shareholders have a say in the way the company is managed, and hold voting rights at General Meetings. Registration is therefore mandatory for shares in roughly half of the markets surveyed, whereas it is only mandatory for debt instruments in around 1/3 of the markets.

Bearer securities, which do not require the maintenance of a register, are still commonplace. Bearer shares outnumber registered shares in 8 markets, while debt instruments are primarily held in bearer form in 14 markets. Although international securities like eurobonds are not included in this report, they are also primarily held in bearer form. The below chart shows the proportion of registered securities across European markets, based on the market value of all of securities held at the CSD:



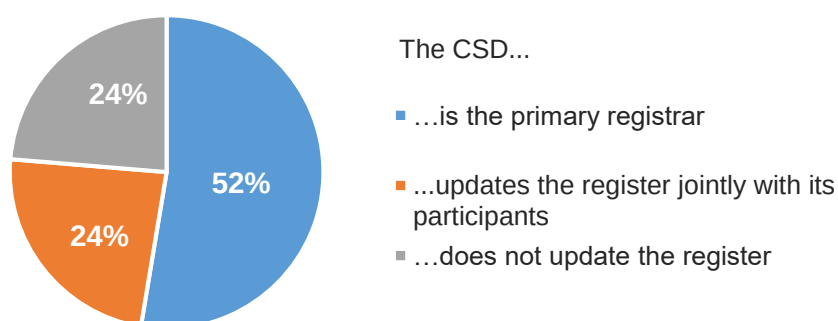
▪ **The link between registration and settlement varies across markets**

The relation between registration and settlement is not the same in every market. Where beneficial owner accounts are maintained at the CSD, the register tends to be a direct reflection of CSD accounts, which means that the register is updated on a daily (or even intraday) basis to reflect the changes in CSD records following a securities transfer between accounts at the CSD. In other markets, the register is maintained separately from CSD accounts and may only be updated on an *ad hoc* basis, typically at the request of the issuer.

▪ **CSDs are not always involved in the maintenance of the register**

Issuers are responsible for maintaining the list of their registered securities holders, but, in practice, they frequently outsource this task to a third party entity. The third party can be a CSD, an intermediary, or any other entity authorised to act as registrar.

In more than half of European markets, the CSD acts as the sole or primary registrar, as illustrated in the following chart:

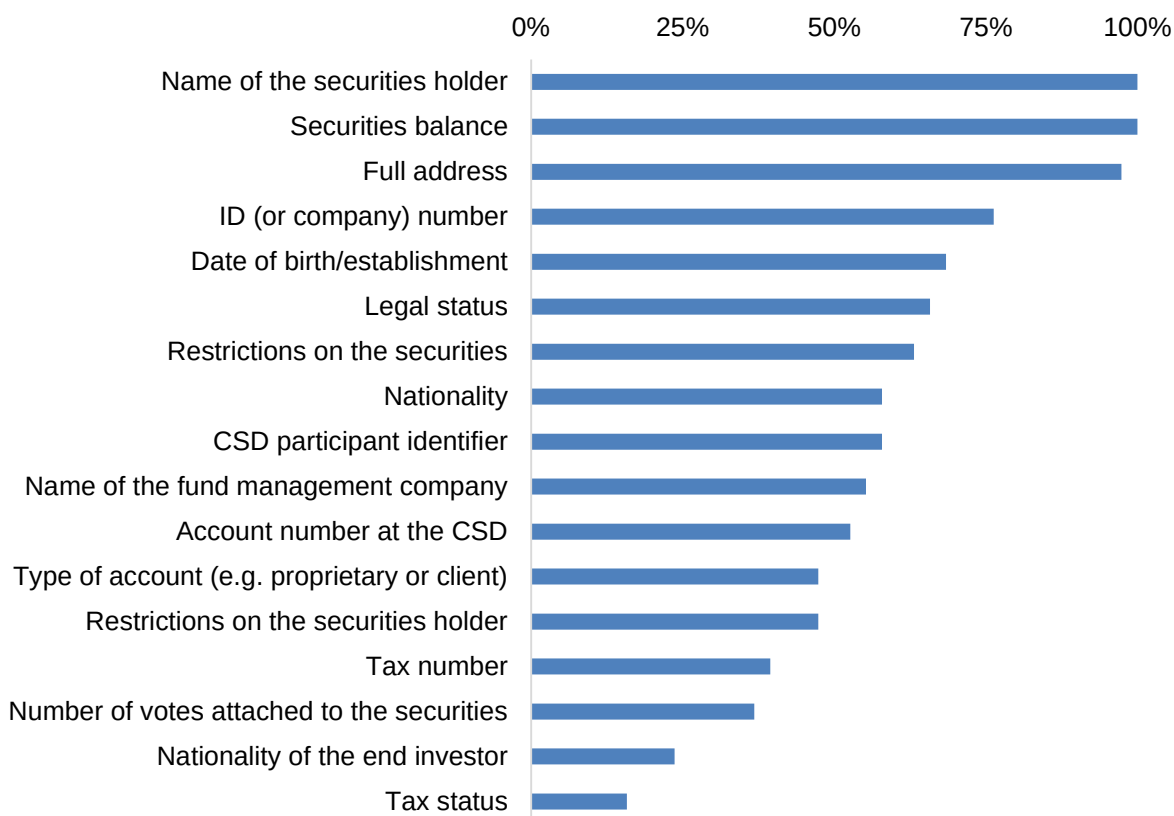


In other cases, either the CSD updates the register jointly with its participants (banks maintaining accounts on behalf of investors), or it does not play any direct role in updating the register.

In 71% of the markets surveyed, irrespective of whether the CSD is involved, the register is updated on an ongoing basis, i.e. at least daily. In the remaining markets, the register is only updated on an *ad hoc* basis, typically at the request of the issuer prior to a General Meeting or another corporate event.

- **The information items contained in the register are not harmonised**

The format and details of the records stored in the securities register vary. Most registers include at a minimum the name of the securities holders, an address and the relevant securities balances. Other information items, such as an identification number or the nationality of the investor, are only required in certain countries. The chart below illustrates the information items which are legally required in the register of securities holders across 38 European markets:



It is important to remember, however, that in the majority of European markets, the names on the register do not necessarily correspond to the names of end investors since securities can be held in “nominee” accounts, i.e. the legal holder of the securities is the intermediary maintaining securities accounts on behalf of the end investor, rather than the end investor him- or herself.

1. Introduction

1.1 Objective of the report

Over the past years, several studies have attempted to describe the variety of existing processes for identifying shareholders in European and global markets¹. This report has a slightly different objective:

- First, it focuses on the legal requirements around registration, rather than on market practices alone. This approach explains why the report mostly refers to individual countries, rather than individual central securities depositories (registration rules in a given market apply to all CSDs established in this market).
- Second, it covers the registration process for debt instrument as well as for shares, taking into account the fact that a securities register may be maintained for other types of investors than shareholders, e.g. bond holders and investors in money market instruments.
Due to their specificities and in particular the role of transfer agents in the registration of fund units, investment funds are however not included in this analysis.

Following a suggestion from the Association for financial markets in Europe (AFME) and the TARGET2-Securities Harmonisation Steering Group, ECSDA started to collect information on legal requirements and practices surrounding the registration of securities holders in December 2015. Given the geographical scope of ECSDA's membership, the report covers 38 European markets and 41 CSDs (see list in Annex). Although some European CSDs accept non-European securities for deposit and settlement, the registration requirements attached to such securities are not addressed here. Special attention is given instead to the commonalities and differences between domestic rules in Europe.

This report does not cover the notary services of CSDs, i.e. the initial recording of new issues in a CSD to allow for securities transactions to be subsequently processed by book entry. It only covers those procedures related to the maintenance of the register of securities holders, whether or not the CSD is involved in the process. Indeed, although the information presented in this report has been collected from ECSDA members, it is important to stress that CSDs are only one among several entities which can be involved in the registration of securities holders. The issuer of the securities remains primarily responsible for the register, but issuers often choose to outsource the maintenance of the register to a third party entity, whether a CSD or another entity acting as registrar.

¹ See for instance the [T2S Market Analysis on shareholder transparency](#) of 21 February 2011 or the [Computershare Transparency of share ownership report](#) of 30 June 2014.

1.2 What do we mean by the registration of securities holders?

For the purpose of this report, ‘registration’ means the process of recording ownership or legal holding in securities in an official list called the register. Securities can be shares or other instruments (e.g. bonds, money market instruments). Registration requirements differ from country to country, both as a result of domestic law and market practices. The register is primarily designed to facilitate the identification of securities holders, for example by issuers and regulators.

In order to allow for meaningful comparisons across European markets, the following definitions are used throughout the report to describe existing rules and practices:

Bearer securities	Securities whose owners' names are not recorded in a register and whose possession is determined through a relationship with an intermediary. In other words, the recording of the securities in a securities account (at an intermediary or a CSD) is the sole evidence of ownership. Since there is no register recording ownership in these securities, the title of ownership is transferable merely by delivering the securities to the account of the buyer. Bearer securities can be immobilised, dematerialised or, in some increasingly rare cases, held in physical form ² .
Beneficial owner	See ‘End investor’.
Debt	All instruments falling under the “D” category of the Classification of Financial Instruments (CFI) based on the ISO 10962 standard, including various types of bonds and money market instruments.
Dematerialised securities	Securities which only exist as accounting records, i.e. in the books of intermediaries or central securities depositories.
End investor	The underlying investor, whether a natural or legal person, who holds securities for its own account and enjoys the benefits of ownership in the securities, even if the securities are held or recorded in the CSD under another name (e.g. trustee or nominee).
Equity	All instruments falling under the “E” category of the Classification of Financial Instruments (CFI) based on the ISO 10962 standard, including bearer and registered shares.
Immobilised securities	Securities issued in the form of one or more physical certificates which are subsequently deposited in a CSD or a common depository. After this initial deposit or “immobilisation”, securities are exclusively transferred by book entry (i.e. by means of debiting and crediting securities holders’ accounts), in a similar way to dematerialised securities.
Investor	See ‘Securities holder’.

² Traditionally, the ownership of bearer securities was determined by possession of a physical certificate. Most bearer securities are now immobilised or dematerialised.

Nominee	A nominee arrangement is a legal structure typically used by intermediaries when holding securities belonging to one or several clients in a securities account at a third party institution (e.g. another intermediary or a CSD), whereby the securities account is opened in the name of the intermediary.
Physical securities	Securities whose ownership is evidenced by the possession of a physical certificate and whose transfer requires the physical delivery of the certificate to the buyer. Sometimes also called "paper securities".
Register	An official list containing information on the legal holders or owners of a given financial instrument, maintained by or on behalf of the issuer of the financial instrument. The register typically includes the name of each legal holder or owner, some other identification data (e.g. address), and the number of units held (in the case of debt securities, the nominal amount invested by each investor). It is updated on a regular basis to reflect any changes in holdings or ownership. Sometimes also called "registry".
Registered securities	Securities whose owners' names are recorded in a register of securities holders.
Registrar	The entity responsible for maintaining the securities register, which can be the issuer itself, a CSD or another entity.
Registration	The process of recording ownership in - or the legal holding of - securities in a register of securities holders.
Securities holder	The owner or legal holder of the securities according to national law.
Shares	See 'Equity'.

2. Regulatory requirements

Historically, rules around the registration of securities holders have been the product of domestic law, e.g. securities law, property law and/or corporate law. Although EU law addresses certain aspects of securities issuance, settlement, custody, and shareholder rights, there is no harmonised European framework for the registration of securities holders. This section presents an overview of the main domestic requirements currently in force.

2.1 Legal basis and legal effect of registration

Legal provisions on the registration of securities holders are typically contained in commercial law, securities law, or in the rules and regulations related to the establishment of the CSD. Table 1 presents the main legal texts currently in force in the 38 European markets covered by this report. Although it was not possible to undertake a comparative analysis on the legal effects of registration in each of these markets, information provided by ECSDA members suggests some commonalities.

First, recording ownership or legal holdings in the register has **constitutive effects**. This means that the owner's or holder's rights in the securities are enforceable towards the issuer (and, in certain markets, towards third parties) from the moment of their entry into the register. In other words, a securities holder needs to have his or her name on the register in order to benefit from the rights attached to the securities, such as the right to vote in a General Meeting (for shares) or the right to receive interest payments or dividend payments directly. The constitutive effects of registration should not be confused with the notion of settlement finality. A securities transaction is "final" when it is legally enforceable and binding on third parties, even in the event of insolvency proceedings against a CSD participant. In the European Union, finality is defined by the Settlement Finality Directive (SFD)³.

Although the legal nature of the rights made enforceable by registration differs from country to country (full ownership, co-ownership, claim on an intermediary etc.), registration generally offers a certain level of **legal protection** to securities holders, i.e. the law gives priority to the rights of registered securities holders compared to non-registered securities holders. In addition, limited rights in securities may need to be reflected in the register in order to be given legal effect, whether these are voluntary, like pledges, or involuntary attachments, like liens or court prohibitory injunctions.

The relation between **registration and settlement** is not the same in every market, but in markets where the CSD acts as registrar and where beneficial owner accounts are maintained at the CSD, the register tends to be a direct reflection of CSD accounts, i.e. the register is updated to reflect the changes in CSD records following a securities transfer between accounts at the CSD. In some CSDs (e.g. ME,

³ [EU Directive 98/26/EC](#) of 19 May 1998, last amended in 2014.

MT), the account statements issued by the CSD are even considered as the sole and exclusive proof of ownership (or legal holdings) in the securities.

In those jurisdictions where the register is synchronised with CSD account entries, the register produces effects *erga omnes*, i.e. securities holders' rights are enforceable towards third parties. In other jurisdictions, the register is not considered as an absolute proof of ownership in the securities and register records are considered as *prima facie evidence*. In other words, there is a presumption that the registered securities holder is the legitimate owner of the securities, but another source than the register may be used to prove a securities holder's entitlement. The issuer which, in good faith and without gross negligence, provides securities entitlements to a person whose name is recorded in the register, is usually not considered liable if this person turns out not to be the legal holder or owner of the securities.

This explains why the **timing of registration** is important. In some markets (e.g. IS, NO, SE, TR), the law determines a priority order in case of incompatible rights, for example if two different persons claim an entitlement in the same securities holding. In case of a conflict between two registered securities holders, priority is given to the rights of the person whose request for registration was received first by the CSD (in these markets, the CSD typically updates the securities register based on registration requests received from CSD participants). Moreover, in the case of a joint holding of securities by more than one holder, it is common practice in some markets (e.g. MT) to specify in the issue's terms and conditions that, in the absence of any indication of a mandatary or other attorney for the joint holders, the first holder named among the joint holders will be considered by the issuer as the sole holder for the joint holding.

Table 1. Legal basis for the registration of securities holders

Country	Main legal texts regulating the registration of securities holders
AT	▪ Aktengesetz [de] (Law on shares), in particular article 61 "Eintragung von Namensaktien im Aktienbuch" (registration of registered shares in the register)
BA	For the Federation of Bosnia-Herzegovina: ▪ Law on business companies [en] ▪ Law on Securities registry [en] For the Republika Srpska: ▪ Law on the Securities Market [sr] ▪ Law on Companies [sr] ▪ Law on the take-over of joint stock companies [sr] ▪ Law on investment funds [sr]
BE	▪ Code of Companies [fr, nl], especially Book VIII, Title III, Chapter II. Section I covers registered securities (articles 462 to 465), whereas sections II and III deal with physical bearer securities (articles 466 and 467) and dematerialised bearer securities (articles 468 to 475ter) respectively.

Country	Main legal texts regulating the registration of securities holders
BG	▪ Law on Public Offering of Securities [en], especially Chapter 9, article 127 on the central depository ▪ Markets in Financial Instruments Act [en] ▪ Ordinance No.8 on the Central Depository of Securities [en] ▪ Commercial Law [en]
CH	▪ Code of Obligations [en], especially article 686 on the share register
CY	▪ Securities and Cyprus Stock Exchange Laws [en]
CZ	▪ Act on Capital Market [cs] (Regulation no. 256/2004) ▪ Act on Bonds [cs] (Regulation no. 190/2004) ▪ Business corporations Act [cs] (Regulation no. 90/2012) ▪ Civil Code [cs] (Regulation no. 89/2012)
DE	▪ Aktiengesetz [de] (Law on shares), especially article 67 “Eintragung im Aktienregister” (registration in the share register)
DK	▪ Companies Act [en]
EE	▪ Estonian Central Register of Securities Act [en] (ECRSA), especially articles 7 to 12
ES	▪ Ley de Sociedades de Capital (Companies Act) [es], article 116 ▪ Ley de Mercado de Valores [es] (Securities Market Act), especially articles 9, 11 and 13 ▪ Royal Decree 878/2015 [es], article 23
FI	▪ Companies Act [en] ▪ Act on Book-Entry System and Clearing Operation [en] ▪ Act on Book-Entry Accounts [en]
FR	▪ Code of Commerce [fr], especially article L228-1 on securities
GR	▪ Law 2190/1920 on limited companies [el] ▪ Law 2396/1996 [en] on investment services in the securities field, capital adequacy of investment services firms and credit institutions and shares’ dematerialisation, especially Part B on dematerialised securities (articles 39 to 60) ▪ Law 3756/2009 [el] on the dematerialised securities system, the capital market, tax issues and other matters ▪ Regulation on the operation of the dematerialised securities system [el] adopted by Decision 3/304/10.6.2004 of the Board of Directors of the Hellenic Capital Markets Commission
HR	▪ Capital Market Act [en] (Official Gazzete 88/08, 156/08, 74/09, 54/13, 159/13, 18/15, 110/15) ▪ Rules and Procedures [en] of the CSD
HU	▪ Act CXX of 2001 [en] on the Capital Market ▪ Act V of 2013 [en] on the Civil Code
IE	▪ S.I. No. 68/1996 [en] Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, as amended, especially Chapter 2 on Transferring & Recording Shares & Securities
IS	▪ Act No. 131/1997 [en] on electronic registration of rights of title to securities ▪ Regulation No 397/2000 [en] on electronic registration of securities in a central securities depository

Country	Main legal texts regulating the registration of securities holders
IT	▪ Civil Code [it], especially articles 2354, 2355, 2370, 2421 and 2435
LT	▪ Law on Companies [en] ▪ Law on Markets in Financial Instruments [en]
LU	▪ Law of 1 August 2001 [en] on the circulation of securities ▪ Law of 28 July 2014 [en] regarding immobilisation of bearer shares and units
LV	▪ Komerclikums (Commercial Law) [en] ▪ Financial Instruments Market Law [en]
ME	▪ Law on Securities [me], especially Chapter VIII (articles 87 to 101) on the clearing, settlement and registration of securities
MK	▪ Securities Law [mk] ▪ Rules of operations of CSD AD Skopje [en]
MT	▪ Financial Markets Act [en], corresponding to Chapter 345 of the Laws of Malta, especially Part IV on the Central Securities Depository (articles 24 to 31) ▪ Companies Act, Chapter 386 of the Laws of Malta ▪ Civil Code, Chapter 16 of the Laws of Malta.
NL	▪ Burgerlijk Wetboek [nl] (Civil Code), especially Book 2, article 85
NO	▪ Securities Register Act [en] of 5 July 2002 No. 64 on the registration of financial instruments ▪ Norwegian Public Limited Liability Companies Act [en] of 13 June 1997 No. 45 ▪ CSD Rules for the registration of instruments [en]
PL	▪ Act on Trading in Financial Instruments [pl] of 29 July 2005, especially article 7
PT	▪ Código dos Valores Mobiliários [pt] (Securities Code) ▪ CMVM Regulation 14/2000 [pt] ▪ Interbolsa Regulation No. 2/2016 [en] on General operational rules of the centralised securities systems and of the securities settlement systems managed by INTERBOLSA
RO	▪ Capital Market Law No. 297 of 28 June 2004 [en] ▪ Regulation no. 13/2005 [en] regarding the authorization and the functioning of the central depository, of the clearing houses and central counterparties ▪ Regulation no. 1/2006 on issuers of and operations with securities
RS	▪ Law on the Capital Market [en] (Official Gazette of the Republic of Serbia, No. 31/2011)
RU	▪ Federal law On Joint Stock Companies N 208-FZ [ru] of 26 December 1995 ▪ Federal law On Central Securities Depository n 414-FZ [ru] of 7 December 2011 ▪ Federal law On securities market N 39-FZ [ru] of 22 April 1996
SE	▪ Financial Instruments Account Act (1998:1479) [sv] ▪ Companies Act (2005:551) [sv] ▪ Securities Market Act (2007:528) [sv]
SI	▪ Book Entry Securities Act (ZNVP-1) [sl] ▪ Market in Financial Instruments Act (ZTFI) [sl]
SK	▪ The Securities Act No.566/2001 [en] ▪ Commercial Code [en], Law No. 513/1991 of Coll. as amended

Country	Main legal texts regulating the registration of securities holders
TR	▪ Capital Markets Law [en], Law N. 6362 fo 6 December 2012 ▪ Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository [en] ▪ Communique on the Procedures and Principals for the Book-Keeping of Dematerialized Capital Market Instruments [en] (II-13.1)
UA	▪ Law of Ukraine On Securities and The Stock Market [en] ▪ Law of Ukraine On Joint Stock Companies [en] ▪ Law of Ukraine On Depositary System of Ukraine [en]
UK	For the United Kingdom: ▪ The Uncertificated Securities Regulations [en] (SI 2001 No. 3755), as amended, as made under s785 of the Companies Act 2006 For Jersey: ▪ Companies Law of 1991 (Jersey) ▪ Companies (Uncertificated Securities) (Jersey) Order 1999 (No 9462) For Guernsey: ▪ The Uncertificated Securities (Guernsey) Regulations 2009 (Guernsey S.I. 48 of 2009) For the Isle of Man: ▪ Companies Act of 1992 ▪ Uncertificated Securities Regulations 2005 (No 754 of 2005)

2.2 Scope of the registration requirement

In all European markets, the maintenance of a securities register is subject to specific legal requirements (listed in section 2.1) and procedures. These requirements however do not always apply equally to all types of securities. Registration requirements are generally associated with the holding of shares (equities). They allow companies to identify who legally owns their shares. Although national law typically does not grant issuers of debt instruments a right to identify securities holders, as this may be the case for shareholders, registration may nonetheless be required, as illustrated by Table 2.

Out of 38 European markets, around 50% make registration mandatory for issuers of shares, at least when the issuers are publicly listed companies. In other words, bearer shares are not allowed in these markets, except for some physical securities which remain in circulation, where applicable.

In the remaining markets, share registration is optional. The issuer can opt for the registered or the bearer form. In most cases however, the registered form is the “default” form for shares. In only 8 markets (AT, BE, DE, FR, LU, LV, NL, PL) are bearer shares more frequent than registered shares, at least in terms of the total value of securities held at the CSD. In several of these markets, newly issued shares tend to increasingly adopt the registered form, but an important legacy of bearer shares remains in circulation.

In contrast with shares, registration for debt instruments is only an obligation in 37% of European markets. In practice, the registration of debt instruments is frequent, even in those markets where it is optional, but the bearer form remains widespread. In 14 markets (AT, BE, CH, CZ, DE, FR, IS, LU, LV, NL, PL, PT, RU, SK), debt instruments are primarily held in bearer form.

In many cases, even in the absence of a legal register, there is a process in place whereby the CSD records information on holders of bearer securities, sometimes in a very similar way to registered securities.

The notion of “bearer” securities in direct holding markets

So-called “direct holding markets” are markets in which the CSD maintains securities accounts at beneficial owner level, and whereby the CSD has direct access to information on the identity of beneficial owners⁴. In these markets, there is usually a direct correspondence between the entries in the securities register and the securities accounts held at the CSD.

In some cases, national law does not distinguish between registered securities and non-registered securities (e.g. FI, NO) and considers that all securities held in a securities account at a CSD are by definition registered. These markets tend to have a very low proportion of bearer securities, since bearer securities can only exist in physical form and/or outside the CSD system.

In other cases (e.g. GR), national law contains a distinction between registered and bearer securities, but in practice, bearer securities are handled pretty much in the same way as registered securities at CSD level. In other words, despite the absence of a legal register, the list of owners/legal holders in the (bearer) securities is automatically updated based on transfers in CSD accounts.

⁴ Most direct holding markets allow for the use of omnibus accounts in certain cases. When such accounts are used, the CSD typically does not have direct access to information identifying beneficial owners. For more details, see the ECSDA report on [Account segregation practices at CSDs](#) published in October 2015.

Table 2. Registration: Legal requirements and market practice per asset type

Country	Type of securities	Registration requirement	In practice, which form is most frequently used? (In term of % of total value of securities held at the CSD)			
			Registered	Bearer	Registered	Bearer
AT	Equity	Optional	Registered	25-50%	Bearer	50-75%
	Debt	Optional	Bearer	0-25%	Bearer	75-100%
BA	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
BE	Equity	Optional	Registered	25-50%	Bearer	50-75%
	Debt	Optional	Registered	25-50%	Bearer	50-75%
BG	Equity	Optional	Registered	100%	Bearer	0%
	Debt	Optional	Registered	100%	Bearer	0%
CH	Equity	Optional	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	0%	Bearer	100%
CY	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Optional*	Registered	100%	Bearer	0%
CZ	Equity	Optional	Registered	50-75%	Bearer	25-50%
	Debt	Mandatory ⁵	Registered	25-50%	Bearer	50-75%
DE	Equity	Optional	Registered	25-50%	Bearer	50-75%
	Debt	Optional	Registered	0-25%	Bearer	75-100%
DK	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Optional	Registered	75-100%	Bearer	0-25%
EE	Equity	Mandatory	Registered	100%	Bearer	0%.
	Debt	Optional ⁶	Registered	100%	Bearer	0%
ES	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
FI	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
FR	Equity	Optional ⁷	Registered	0-25%	Bearer	75-100%

⁵ Since July 2012, all bonds are registered. The register of bondholders must be kept by an entity or person licensed to maintain a register, such as a CSD. The percentages provided reflect the fact that many bonds issued in bearer form prior to July 2012 are still in circulation.

⁶ Issuers may issue debt instruments in bearer form outside the CSD, but there is no information available on the extent to which this possibility has been used.

⁷ In the French market, "titres au porteur identifiables" (TPI) are bearer securities allowing issuers to obtain information on securities holders from the local CSD even in those cases where the CSD does not act as registrar.

Country	Type of securities	Registration requirement	In practice, which form is most frequently used? (In term of % of total value of securities held at the CSD)			
	Debt	Optional	Registered	0-25%	Bearer	75-100%
GR	Equity	Optional*	Registered	75-100%	Bearer	0-25%
	Debt	Optional*	Registered	75-100%	Bearer	0-25%
HR	Equity	Mandatory	Registered	75-100%	Bearer	0-25%
	Debt	Mandatory	Registered	100%	Bearer	0%
HU	Equity	Mandatory	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	75-100%	Bearer	0-25%
IE	Equity	Mandatory	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	75-100%	Bearer	0-25%
IS	Equity	Mandatory	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	25-50%	Bearer	50-75%
IT	Equity	Optional	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	75-100%	Bearer	0-25%
LT	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
LU	Equity	Optional	Registered	0%	Bearer	100%
	Debt	Optional	Registered	0%	Bearer	100%
LV	Equity	Optional	Registered	25-50%	Bearer	50-75%
	Debt	Optional ⁸	Registered	0-25%	Bearer	75-100%
ME	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
MK	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
MT	Equity	Mandatory ⁹	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
NL	Equity	Optional	Registered	25-50%	Bearer	50-75%

⁸ Convertible bonds, like shares, are subject to registration requirements in the law. But registration requirements only apply if an issuer opts for the registered form.

⁹ In Malta, it is exceptionally possible however for domestic corporate issuers to issue share warrants to bearer under s.121 of the Companies Act (Chapter 386 of the Laws of Malta), but such issues have only rarely been made and the continuing possibility in future of such issues is currently under scrutiny and is being reviewed.

Country	Type of securities	Registration requirement	In practice, which form is most frequently used? (In term of % of total value of securities held at the CSD)			
	Debt	Optional	Registered	0-25%	Bearer	75-100%
NO	Equity	Mandatory ¹⁰	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
PL	Equity	Optional	Registered	0-25 %	Bearer	75-100 %
	Debt	Optional	Registered	0-25 %	Bearer	75-100%
PT	Equity	Optional	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	0-25%	Bearer	75-100%
RO	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
RS	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
RU	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Optional	Registered	0-25%	Bearer	75-100%
SE	Equity	Mandatory	Registered	100%	Bearer	0%
	Debt	Mandatory	Registered	100%	Bearer	0%
SI	Equity	Optional*	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	75-100%	Bearer	0-25%
SK	Equity	Optional*	Registered	75-100%	Bearer	0-25%
	Debt	Optional*	Registered	0-25%	Bearer	75-100%
TR	Equity	Optional*	Registered	50-75%	Bearer	25-50%
	Debt	Optional	Registered	100%	Bearer	0%
UA	Equity	Optional	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	100%	Bearer	0%
UK	Equity	Mandatory ¹¹	Registered	75-100%	Bearer	0-25%
	Debt	Optional	Registered	75-100%	Bearer	0-25%

¹⁰ For public limited liability companies CSD registration is mandatory. For private limited companies, setting up a register of shareholders is mandatory but the board of directors of the company can decide to maintain the register of shareholders itself instead of entrusting this task to the CSD.

¹¹ UK companies have been prohibited from issuing bearer shares since May 2016. There may still be some old issues in place, but they are held outside the CSD.

Caption

- **Mandatory** = securities (issued by domestic issuers) held at a CSD must be recorded in a register. The records on the register may be beneficial owners or nominees. Issuing securities in bearer form is not allowed, at least for securities held at a CSD.
- **Optional*** = securities (issued by domestic issuers) held at a CSD may or may not be recorded in a securities register, depending on the choice of the issuer. Holding securities in bearer form is thus allowed. In practice, however, even for bearer securities, records are maintained at the CSD in a way which is very similar to registered securities.
- **Optional** = securities (issued by domestic issuers) held at a CSD may or may not be recorded in a securities register, depending on the choice of the issuer. If the securities are not registered (i.e. the issuer opts for the bearer form), ownership in the securities is determined based on the holdings in securities accounts (at the CSD or at intermediaries).

3. Contents of the register

3.1 Level of the registration

In all European markets, the natural or legal persons appearing on the register are considered by the issuer to be the legitimate holders or owners of the securities. Registration aims at identifying the legal holders of the securities, but these are not necessarily the end investors/beneficial owners (see text box below).

Registration and the identification of securities holders

The existence of a register generally facilitates the identification of securities holders. But it is not in itself sufficient to allow issuers to identify the holders of their securities. Indeed, registered securities may be held in omnibus accounts with a nominee recorded as the securities holder in the register. In such cases, identifying beneficial owners in the securities requires the issuer to enquire with the nominee about underlying investors.

Conversely, there may be an efficient process in place allowing issuers to identify holders in bearer securities. In France, to take just one example, issuers of bearer securities called “titres au porteur identifiables” (TPI) can obtain information on the holders of these securities via the local CSD. This service, regulated under article L. 228-2 of the French Code of Commerce, does not involve the maintenance of a register of shareholders but *de facto* results in the compilation by the CSD of a nominative list of shareholders and their respective holdings. A similar process exists in other markets (e.g. LV).

Whenever securities are registered in the name of an intermediary (omnibus/nominee), a work flow needs to be established in order to gather information on end investors. This process typically works as follows:

- The issuer or a third party agent mandated by it (which may or may not be a CSD) sends a request for securities holders identification to intermediaries (nominees) having a balance in the securities;
- Intermediaries (after having obtained the information from their own clients, if applicable) provide the requested information on the identification of the securities holders by a given deadline;
- The issuer or its agent consolidates the responses received from intermediaries in order to obtain a full view of end investors.

Table 3 shows that, in most European markets, securities holders listed in the register do not have to be end investors. The law considers intermediaries holding securities on behalf of investors as the legal holders or owners of the securities, and investors in turn have rights towards the intermediaries.

In a few markets however (14 out of 38), the law stipulates that the names of beneficial owners should be listed in the register, at least for domestic investors or for domestic shares.

Finally, in 4 markets, the register contains information compiled at two levels: accounts maintained at the CSD and accounts maintained at CSD participants. As a result, the register contains at least information on the clients of CSD participants.

Table 3. Type of persons required to be included in the securities register

	Number of markets	List of markets
No legal requirement on the “level” of registration. Investors can opt for appearing on the register or for their securities to be held in a nominee’s name.	20	BE, CY, CH, DE, DK, EE, FR, LT, LU, LV, HU, IE, IS, IT, MT, NL, PT, RU, SE, SK, UK
Legal requirement for registration at least at CSD participant client level (two-tier registration system)	4	CZ, ES, PL, PT
Legal requirement for registration at end investor level (at least for domestic securities and/or domestic investors)	14	AT, BA, BG, FI, GR, HR, ME, MK, NO, RO, RS, SI, TR, UA

In some markets (e.g. CY, CZ), despite the absence of a legal obligation to record end investors in the register, the conditions for being allowed to use nominee registration are rather restrictive (e.g. obligation for the intermediary to have all the information on the end investors at its disposal in order to communicate it to the CSD or to the regulator immediately upon request). This explains why, in these markets, end investor-level registration remains the dominant model in practice.

3.2 Information gathered on registered securities holders

In order to have a better understanding of which information items are collected as part of the securities register, ECSDA asked its members to describe such information using a harmonised list of items. The results show that a register contains at a minimum the following three elements:

- The name of the securities holder,
- The full address of the securities holder,
- The number of securities held.

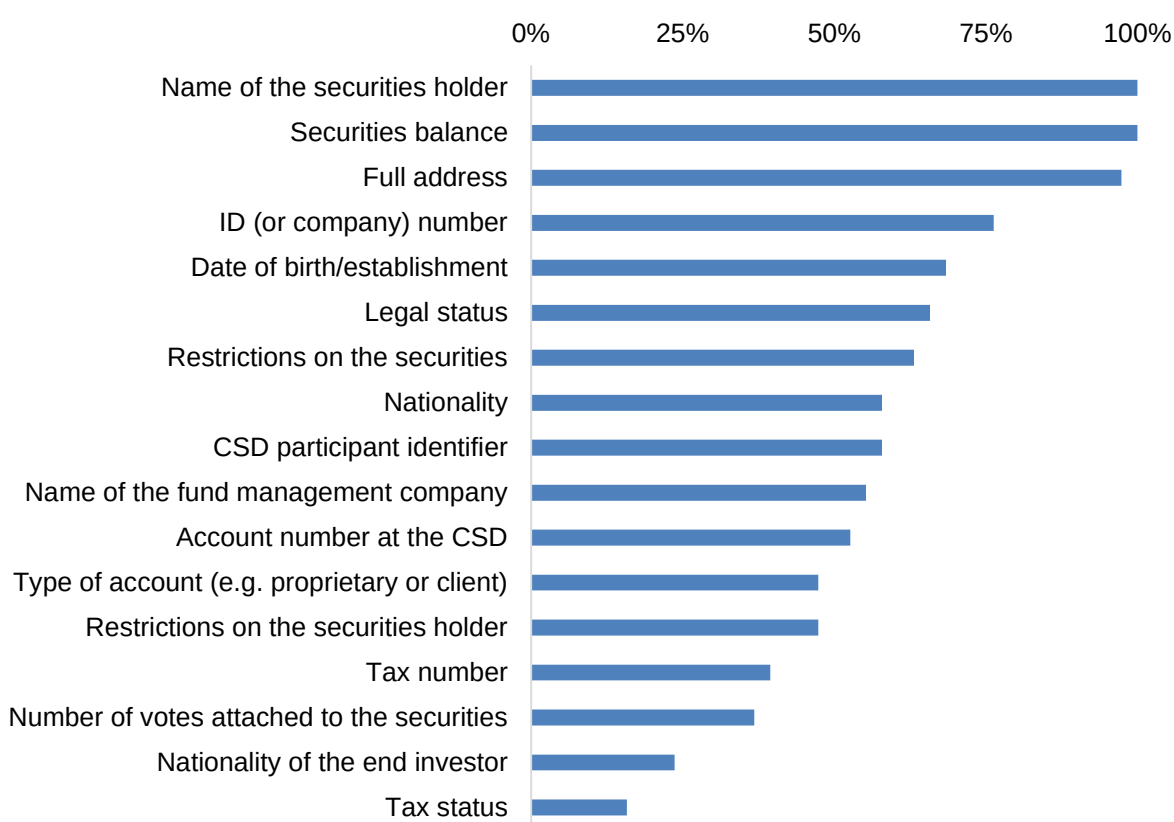
Other information items frequently included in the register include:

- An identification number attached to the securities holder (whether a register-specific number, an ID card number or a company number for legal persons),
- The nationality of the securities holder,
- The securities holder’s date of birth (or date of establishment for legal persons),
- The legal status of the securities holder (Mr or Ms for individuals, type of legal entity for legal persons),
- The name of the management company (when the securities holder is an investment fund),

- The date(s) when a securities holder has acquired or disposed of the securities,
- Any restrictions on securities (e.g. pledges, blocking of securities),
- Information on the CSD participant maintaining the holdings on behalf of the securities holder, and the account number of the securities holder at the CSD (typically required in direct holding markets where the CSD acts as registrar).

Other information items are included in fewer markets (less than 50% of the 38 markets covered by this report, see Chart 1), such as tax information and account types.

Chart 1. Information items contained in the register (% out of 38 European markets)



In practice, the format and details of the records stored in the register vary. In some countries, for example, only a postal address is required, which is not necessarily the official domicile or registered address of the securities holder. As regards the legal status of the securities holder, information is rarely collected for individuals (sometimes, information on the gender of natural persons is required), and for legal persons, the type of legal entity can usually be deducted from the name (e.g. “Company X Ltd”) and is not necessarily required as a separate record. In some registers, there are simply two different codes: one for natural persons and one for legal persons. As regards the date of birth, it is frequently required for natural persons, but the date of establishment is rarely required for legal persons.

In certain cases, information items are not collected in the register *per se*, but they can be deducted from other information items. For instance, nationality may be deducted from the ID card number or the tax identification number, or the date of establishment, the legal status and the registered address of a company may be obtained by querying the business registry with the company number. The tax number may be compulsory for legal persons, but optional for natural persons, and it is sometimes identical to the ID or company number.

Moreover, it is sometimes possible for an issuer to request more information items to be included in the register than what is required by law. In Belgium for example, article 463 of the Code of Companies recognises this possibility. Examples of additional items that may be requested by issuers include:

- The email address of the securities holder,
- The method of acquisition of the securities (e.g. standard purchase, employee share plan...),
- The bank account number of the investor on which dividend or interest payments should be processed,
- The date and number of the licence for securities holders which are credit institutions,
- The date of registration,
- The ownership ratio,
- Information on the allocation of interest income, dividend or other corporate actions.

Finally, when comparing the type of information items that are recorded in the register in different countries, it is important to be aware that there may be discrepancies between the level of detail required in the law, and actual practices. For instance, the widespread use of nominees in certain markets means that very few end investors have their names listed in the register. Besides, in omnibus markets, the name of the investor appearing in the register may not always be the legal name of the actual investor, if intermediaries use own denominations for clients instead. Whereas it was not possible to collect evidence of such discrepancies in the context of this report, future research on the registration process could helpfully include an analysis of market practices which result in different levels of transparency despite roughly comparable regulatory requirements.

4. Process for updating the register

4.1 Responsibility for maintaining the register

General responsibility for the register of securities holders falls with the issuer of the securities, but the issuer often chooses to outsource the maintenance of the register to a third party, which acts as registrar. In order to keep the register up-to-date, the registrar (whether the issuer itself, a CSD or another entity) needs to source the relevant information on transfers of ownership in the securities. Depending on the market set-up, there are different scenarios (see Table 4):

Table 4. CSDs' involvement in the registration process and frequency of register updates

		Involvement of the CSD in maintaining the register		
		CSD is sole or primary registrar	CSD updates the register jointly with its participants	CSD does not update the register
Frequency of register updates	Daily or more frequent updates	19 markets BA, BG, CY, DK ¹² , EE, FI, GR, HR, IS, ME, MK, MT, NO, RS, SE, SI, SK, TR, UK ¹³	3 markets CZ, ES, PL	5 markets CH, DE, IE, LU, RU
	Occasional or ad hoc updates	1 market RO	6 markets FR, HU, LT, LV, PT, UA	4 markets AT, BE, IT, NL

In the first model, **the registrar provides issuers with daily (and sometimes, quasi real-time) updates of the register**. This model can be divided into three main scenarios:

- (i) In markets where **the CSD acts as the primary or the sole registrar** and where the records in the register directly reflect the securities accounts maintained at the CSD, information on changes to the register is the direct result of the settlement instructions of CSD participants. In Malta for instance, the CSD gives binding effect to all admitted securities register updates and keeps issuers informed about register updates with end-of day reports. In Norway, the law requires the local CSD to keep the shareholder register for public limited companies. Updated shareholder registers for each company are electronically generated every day in the CSD's system based on settled transactions. The data is then made available to issuers via CSD participants acting as

¹² *Stricto sensu*, VP, the Danish CSD, does not act as registrar. However, VP Investor Services, a subsidiary of the VP, offers registrar services in competition with other providers in the market.

¹³ Although several independent registrars operate in the UK, Euroclear UK & Ireland is the legal register ("operator register") for UK securities. Registrars are deemed to maintain a copy of the CSD records. In Ireland, however, the CSD does not have the status of legal register.

account operators and using the CSD's company services. This service allows issuers to monitor transactions and to download the share register at any time.

- (ii) In a few markets, there is **a two-tier register whereby information on securities holders is updated based on settlement data provided both by the CSD and CSD participants**. The register is also updated on a permanent basis, but, unlike in scenario (i), the CSD does not have access to the full view of securities holders. Details on securities holders are provided by CSD participants.
- (iii) In the third scenario, **a third party registrar, independent from the CSD, is responsible for updating the register of securities holders on a permanent basis**. Register records can be updated based on information provided by the securities holders directly, by intermediaries, and/or by the CSD. Third party registrars typically receive settlement information from the CSD and update the relevant records accordingly. Irrespective of the type of account maintained at the CSD, an investor can request to have his or her name in the register.

The second model is one where there is no "permanent" register and where information on securities holders is updated **on specific occasions (e.g. before a General Meeting), or at the request of the issuer**. This model can also be divided into three scenarios:

- (iv) **The CSD is the sole or primary registrar but only updates the register a few times a year**. This is the case in Romania where the law requires the CSD to update the register on a semi-annual basis, or at a request of the issuer, the Financial Supervisory Authority, or in case of a corporate event.
- (v) **The CSD plays a role in updating the register, but this role is performed jointly with other entities** (e.g. CSD participants) and is sometimes limited to certain types of securities (e.g. shares). Information on registered securities holders is typically collected at the explicit request of the issuer.
- (vi) **In the last scenario, the CSD does not play any role in updating the register**. The register is updated on specific occasions by the registrar, which can be the issuer itself. In Italy for example, intermediaries are required by law to provide information on shareholders' identity to issuers whenever a General Meeting takes place, whenever a dividend is paid out, or whenever another corporate action takes place.

In almost all cases, it is the end investor' instruction (e.g. to buy or sell securities) which triggers the update of the register by the responsible entity(ies). In practice however, even when there is a legal obligation for the end investor or the securities holder to notify the issuer, via the register, of any changes in ownership, such notification is typically channelled through the intermediaries acting as account providers for securities holders. There are also some special cases when the register can be updated

solely at the request of the issuer (e.g. mandatory corporate action) or at the request of public authorities (e.g. liquidation or blocking of certain securities holdings as a result of a Court order).

The regulation of registrar activities

Unlike CSDs acting as registrars, independent registrars are not always subject to specific regulation and supervision for the provision of registrar services, although they may be subject to strict regulation and supervision for other parts of their activities (e.g. banking services). In the UK for instance, there is no specific regulatory regime applying to registrars.

In Russia, on the other hand, the activity of registrar falls under mandatory licensing requirements and is an exclusive type of activity which cannot be combined with any other activity in the securities market. The 38 registrars authorised to operate in the Russian market are not limited in the number of registers they can maintain and the number of issuers they can service, but a given issuer can only employ one registrar to maintain its register. Registrars are required to transfer the title of ownership within three business days from the date of receipt of the transfer orders.

4.2 Actions required to update the register

In terms of the actions required to update the register, in most cases only one instruction is required for the changes in securities ownership to take effect. In other words, a single action simultaneously records the increase(s) and the decrease(s) in securities holdings resulting from securities transfers. In cases where the register is automatically updated based on changes in securities accounts held at the CSD, it could be argued that the register is updated based on one action resulting from two instructions (the instruction to deliver and the instruction to receive the securities).

In some markets, when an investor A sells securities to an investor B and both are participants in the CSD, there are two separate instructions: one for "registering" the position of B, and one for "de-registering" or decreasing the position of A. In some cases, the procedure actually depends on the type of securities or the entity acting as registrar. In France for example, for CSD-eligible securities, two instructions are required to "register" and "de-register" the positions of the relevant securities holders. When securities are not held at a CSD, however, there is no formal legal requirement for registration and the update of the securities register may result from a single instruction/registration request. Conversely, in Hungary, there is a single action to update the register for securities held at the CSD.

The de-registration process (decrease or removal of a securities holding in the register) is essentially identical to the registration process, but "in reverse". The main difference is that the initial registration of a new securities holder may require the collection of special documentation (e.g. for anti-money-laundering compliance purposes and for combating the funding of terrorism), whereas subsequent changes in the amount of holdings of this securities holder usually do not require such documentation.

The registration process is sometimes made more complex by the fact that the same ISIN code can be held both in bearer and in registered form. This practice is allowed by the Association of National Numbering Agencies (ANNA) and means that the securities are fungible irrespective of their holding method. In 6 out of 38 markets (BG, CY, FR, IE, LV, UK), the CSD requests participants to maintain separate securities accounts for bearer and registered securities.

5. Conclusion

The registration of securities holders is far from being harmonised at European level. As this report demonstrates, differences in national law play an important role in explaining the variety of existing processes for maintaining the register. For 43% of respondent CSDs, a progressive harmonisation of registration requirements across Europe would be a good way to make the registration of securities holders more efficient and purposeful.

Among the potential benefits of harmonisation are:

- The simplification of existing requirements with clear rules applying to each type of instrument (equity/debt, registered/bearer...);
- A streamlined process allowing for the timely identification of securities holders by issuers and regulators, possibly leveraging on global initiatives like the Legal Entity Identifier (LEI);
- The establishment of a level playing field among all entities acting as registrar (whether a CSD, intermediary, the issuer itself or another entity like a transfer agent);
- Greater certainty as regards ownership rights in cross-border transactions.

Such harmonisation would however imply that individual countries accept to amend existing domestic legal requirements, as described in Section 2.1. It would also probably only achieve tangible benefits for securities holders if:

- it works across different custody models (direct and indirect holding structures);
- it applies to all layers of the securities holding chain;
- it is part of a wider reflection on rules applying to bearer and registered securities;
- it takes into account potential discrepancies between legal requirements and actual practices around the identification of securities holders.

Finally, and perhaps most importantly, a harmonisation of registration processes should not have a detrimental impact on the efficiency and transparency of existing systems which allow issuers to obtain an updated overview of securities holders at any time, especially in those markets where register records directly mirror CSD accounts.

Annex: List of CSDs and countries

From December 2015 to June 2016, ECSDA carried out a fact-finding survey among its members in order to collect comparable information on the registration of securities holders. All ECSDA members participated in the survey, covering 38 European countries.

For ease of reading, individual markets are referred to by using a 2-letter country code and individual CSDs are described by their short name, as follows:

Code	Market	Short name	Full name
AT	Austria	OeKB CSD	OeKB CSD GmbH
BA	Bosnia-Herzegovina	Central Registry RS	Central Registry of Securities JSC Banja Luka
BA	Bosnia-Herzegovina	RVP	Registry of Securities
BE	Belgium	EB	Euroclear Bank
BE	Belgium	EBE	Euroclear Belgium
BG	Bulgaria	CDAD	Central Depository AD
CH	Switzerland	SIX SIS	SIX SIS Ltd
CY	Cyprus	CSE	Cyprus Stock Exchange
CZ	Czech Republic	CSD Prague	Central Securities Depository Prague
DE	Germany	CBF	Clearstream Banking AG
DK	Denmark	VP	VP Securities
EE	Estonia	ECSD	Estonian CSD
ES	Spain	Iberclear	Iberclear
FI	Finland	EFI	Euroclear Finland
FR	France	EF	Euroclear France
GR	Greece	ATHEXCSD	Hellenic Central Securities Depository SA
HR	Croatia	SKDD	Central Depository & Clearing Company Inc.
HU	Hungary	KELER	KELER Ltd.
IE	Ireland	EUI	Euroclear UK & Ireland
IS	Iceland	NCSD	Nasdaq CSD Iceland
IT	Italy	Monte Titoli	Monte Titoli
LT	Lithuania	CSDL	Central Securities Depository of Lithuania
LU	Luxembourg	CBL	Clearstream Banking Luxembourg
LU	Luxembourg	globeSettle	globeSettle SA
LU	Luxembourg	LuxCSD	LuxCSD SA
LV	Latvia	LCD	Latvian Central Depository
ME	Montenegro	CDA	Central Depository Agency of Montenegro
MK	Macedonia	CSD AD Skopje	Central Securities Depository AD Skopje
MT	Malta	MSE	Malta Stock Exchange
NL	Netherlands	ENL	Euroclear Nederland
NO	Norway	VPS	The Norwegian Central Securities Depository
PL	Poland	KDPW	The Central Securities Depository of Poland
PT	Portugal	Interbolsa	Interbolsa
RO	Romania	DC	Depozitarul Central

Code	Market	Short name	Full name
RS	Serbia	CR HoV	Central Securities Depository and Clearing House
RU	Russia	NSD	National Settlement Depository
SE	Sweden	ESE	Euroclear Sweden
SI	Slovenia	KDD	Central Securities Clearing Corporation
SK	Slovakia	CDCP SR	Central Securities Depository of the Slovak Republic
TR	Turkey	MKK	Central Securities Depository of Turkey
UA	Ukraine	NDU	National Depository of Ukraine
UK	United Kingdom	EUI	Euroclear UK & Ireland