



Jude Moore
BP p.l.c.
1 St James's Square
London
SW1Y 4PD
By e-mail: jude.tomalin@uk.bp.com

29 September 2015

Dear Ms Moore,

Response to Shareholder Voting Working Group - Shareholder Proxy Voting: Discussion Paper on Potential Progress in Transparency

I am writing on behalf of GC100 to respond to your request for views on the Discussion Paper you have recently published on Shareholder Proxy Voting. GC100 is the association for the general counsel and company secretaries of companies in the UK FTSE 100. There are currently over 125 members of the group, representing some 81 companies.

Please note, as a matter of formality, that the views expressed in this letter do not necessarily reflect those of each and every individual member of the GC100 or their employing companies.

General Comments

The GC100 welcomes the publication of the Discussion Paper from the Shareholder Voting Working Group (SVWG), which we believe sets out in detail the issues faced by all the parties within the voting chain and puts forward some useful practical suggestions for addressing these issues.

The Stewardship Code

We would suggest a further proposal to request the Financial Reporting Council when they are reviewing the effectiveness of the Stewardship Code to consider strengthening the wording to encourage investors both to cast their votes and to seek assurance via their custodians and, ultimately, from registrars that those votes have been correctly transmitted through the voting chain.

Learnings from Australia

We note that the paper addresses the Australian experience on pages 54 and 55 and would add two further comments relating to the practice in Australia:

- Firstly, we understand that there was some initial resistance from investors when Section 672 was originally introduced in 2001 (the ability of issuers to identify votes made at beneficial owner level), although this seems to have subsided as the practice has become accepted (pages 54 to 55).

GC100 Group

The Association of General Counsel and Company Secretaries of the FTSE 100

The GC100 Group is an unincorporated members' association administered by Thomson Reuters.

Secretary: Mary Mullally - GC100 c/o Thomson Reuters Legal UK & Ireland, 160 Friars House, Blackfriars Road, London SE1 8EZ - T: 44 (0)20 7542 7194 E: mary.mullally@thomsonreuters.com

- Secondly, we understand that the industry in Australia is currently conducting a similar piece of work regarding the separation of the record date and voting deadline, as set out on pages 28 to 30. We would suggest that it would therefore be useful for the SVWG to discuss the UK proposals with counterparts in Australia to share learnings. We can provide a contact for this.

Online Gazette

We would be interested in hearing more about the “online gazette” mentioned on page 40 and how this would differ from the current practice of disseminating information via CREST. Overall we would very much want to avoid any additional administrative burden or costs on issuers as a result of the introduction of an online gazette. Information is already provided via CREST so this could be duplicative.

Omnibus Accounts

We think that the problems of omnibus accounts are explained very well in great detail on pages 30 to 34. We recognise the issues highlighted and would suggest that many of the current issues in the voting process would be solved were omnibus account no longer used and all shares held either directly on the register or in designated accounts. We recognise that the decision to hold shares in an omnibus account is an economic choice for investors. This naturally entails the voting uncertainty for those choosing to hold shares in this way for the reasons the paper outlines. We would resist the imposition of changes to tackle the problems of omnibus accounts (for example instituting complex vote confirmation systems) if these changes mean additional costs for issuers. Investors who wish for voting certainty need to be prepared to pay for this by holding their shares in a format that facilitates this easily, for example a designated account, and by then seeking assurance, as indicated earlier, that the voting instructions have been executed.

Vote Confirmation

We note the proposal on page 40 that registrars provide automated vote confirmation back to the submitting party, which presumably could mostly be conducted through CREST. We would suggest that you make it clearer that neither issuers nor registrars should be required to provide vote confirmation further through the voting chain, as this is not the level of information that issuers and registrars will necessarily hold.

We note with interest the description on pages 15 to 17 of the vote confirmation trials held in 2015, in particular, noting the level of time-consuming and cumbersome manual processing steps. We would urge caution before any commitment is made to institute a requirement for vote confirmation more generally, particularly given the proposal to amend the Shareholder Rights Directive. We would suggest that the analysis you have already undertaken would be a useful set of data in future when the UK looks to implement the changes to that Directive.

Links to Dematerialisation

We would suggest that there are links between this project and the transition to dematerialisation in 2020 or earlier. The transition for retail shareholders from predominantly paper based share certificates to electronic holdings and transactions is expected to lead to a greater take up for electronic voting and payment of dividends. In a similar way, the voting system for institutional investors needs to become more automated with straight through processing from end investor to issuer, without the number of manual interventions along the voting chain we currently see.

Custodian access to voting decisions within voting agency systems

We would suggest that the SVWG consider if granting issuers access to voting decisions within voting agency systems, before voting instructions are submitted to the registrar, could encourage voting instructions to be held back to the last minute, working against the proposal to encourage voting agencies to pass on voting instructions as soon as possible to registrars.

We would welcome the opportunity to discuss these issues with you further.

Yours sincerely,



Mary Mullally
Secretary, GC100
020 7202 1245