

DE BRAUW BLACKSTONE WESTBROEK

New remuneration and related party-transaction rules for Dutch listed companies take effect

Dutch legislation implementing the revised European Shareholder Rights Directive has finally entered into force. The new rules on remuneration and related party transactions are effective as of 1 December 2019. The provisions relating to electronic voting, shareholder identification and transmission of information to shareholders take effect on 3 September 2020.

The implementing act entered into force by a royal decree which was published late afternoon on Friday, 29 November 2019. The royal decree includes some explanatory notes of the Minister of Finance.

Two effective dates: 1 December 2019 and 3 September 2020

The implementing act is in force as of 1 December 2019, with the exception of the rules regarding electronic voting and shareholder identification. This means:

- The new rules on remuneration and related party transactions apply as of 1 December 2019.
- The new transparency provisions for institutional investors (pension funds and insurers) and asset managers – incorporated in the Dutch Financial Markets Supervision Act – also apply as of 1 December 2019.
- The provisions relating to electronic voting, shareholder identification and provision of information to shareholders come into force on 3 September 2020. This includes new articles in the Dutch Civil Code requiring that receipt of electronic votes be confirmed, and that votes cast at a general meeting be verified.

New remuneration rules as of 1 December 2019

Dutch listed companies – in this context: Dutch NVs and BVs listed on an EU-regulated market – must ensure that their remuneration policy complies with the implementing act. Companies that do not currently follow the new rules, must include a revised policy on the 2020 AGM agenda for approval by the general meeting. Until a new remuneration policy has been approved at the next general meeting, the company may continue paying its directors in accordance with its existing practices.

For the 2019 financial year, Dutch listed companies will need to prepare a remuneration report in accordance with the new legislation. This remuneration report will be subject to the general meeting's advisory vote, for the first time in 2020.

The explanatory notes to the royal decree confirm that:

- where the remuneration policy does not yet comply with the new rules, the 2019 remuneration report will not have to comply with those parts of the implementing act that refer to those new rules; and
- the non-binding guidelines on the standardised presentation of the remuneration report - which the European Commission is still working on - cannot be met as long as these guidelines have not been adopted.

No new information has been provided in respect of the rules for related party transactions and the provisions on transparency for institutional investors. These rules have taken effect as of 1 December 2019. For a description of the key features of the implementing act, see our June [guidance](#).