

Shareholders Rights Directive II

(SRD II)



The revised Shareholders Rights Directive (SRD II) has been implemented into UK law on 10th June 2019, with rules and requirements also in COBS 2.2B and SYSC 3.4 of the FCA Handbook. SRD II aims to promote effective stewardship and long-term investment decision making. It sets requirements in several areas, including transparency of engagement policies and investment strategies and applies to UK MiFID investment firms that provide portfolio management services, UK UCITS management companies and full scope UK AIFMs.

Such Firms must develop and disclose an engagement policy to describe a number of requirements including: how shareholder engagement is integrated in its investment strategy; how the firm monitors investee companies; how rights attached to shares are exercised; and how actual and potential conflicts of interests in relation to the firm's engagement are managed.

If a Firm chooses not to develop and disclose an engagement policy it must otherwise disclose an explanation of why it has chosen not to comply. Disclosures under SRD II are therefore on a 'comply or explain' basis.

True Potential Investments LLP have not published an engagement policy as the Firm does not currently invest on behalf of investors in shares traded on a regulated market. True Potential Investments LLP outsources investment decision making to third party MiFID Investment Firms and will monitor and oversee the third parties to ensure that they meet the obligations imposed upon them by the Directive

True Potential Investments LLP continue to assess the application of SRD II and whether to develop and publicly disclose an engagement policy.

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