

Allianz Global Investors GmbH

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Mr. S. Dekker  
Minister for Legal Protection  
Ministry of Justice and Safety  
PO Box 20301  
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The Netherlands

Date: February 7, 2019  
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**PUBLIC CONSULTATION ON DRAFT BILL REGARDING THE INTRODUCTION OF A RESPONSE TIME  
OF A MAXIMUM OF 250 DAYS THAT CAN BE INVOKED BY THE EXECUTIVE BOARD OF A DUTCH  
LISTED COMPANY**

**Response by Allianz Global Investors**

Dear Mr Dekker,

Allianz Global Investors (AllianzGI) is a diversified active investment manager, managing EUR 535 billion<sup>1</sup> in assets for individuals, families and institutions around the world.

As an active long-term investor with equity holdings in many Dutch listed companies, we are writing with regard to the draft bill, published on 7 December 2018, that will allow Dutch listed companies to invoke a statutory response time of up to 250 days in the situation of shareholder activism or a hostile public bid.

While we understand that the bill's objective is to promote careful decision-making in situations of shareholder activism and hostile takeovers, we believe a statutory response time period of up to 250 days will be a disproportionate measure that would generate unintended consequences and will be harmful for the Dutch market.

We note that Dutch listed companies already enjoy strong protections against hostile or short-termist interventions (e.g. anti-takeover preference shares; priority shares; depositary receipts that can be used as a protection mechanism; and provisions in articles that make it difficult for shareholders to nominate board candidates, dismiss board members, or initiate amendments to the articles of association). The Dutch Corporate Governance Code also allows companies to invoke a response time of up to 180 days when a resolution is filed that could lead to a change in the company's strategy, including via changes in the supervisory or executive board composition. Dutch company law provides further safeguards to deter short-term activists, including the company's ability to request the Enterprise Chamber of the Amsterdam Court of

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<sup>1</sup> As at 30 September 2018.

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Appeals to take immediate measures against one or several shareholders if it considers the behaviour of these shareholders to be damaging to the company.

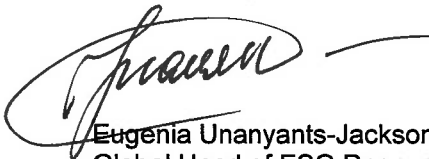
In this context, we believe that additional legal possibility to invoke a lengthy response time and to suspend key shareholder rights during this period, as proposed in the bill, will have a negative impact on the efficiency of the financial markets, entrench ineffective company managers and disenfranchise institutional investors.

We see shareholders' ability to hold boards and management of listed companies accountable for fulfilling their duties as a fundamental aspect of a well-balanced governance system. Undermining this ability through suspension of shareholder rights will be a backward step for Dutch corporate governance and effective stewardship, and will further exacerbate investor concerns over increasing protectionism in the Dutch market. This proposal also runs counter to the growing emphasis in European financial markets on investor stewardship, which encourages active and responsible engaging and exercising of shareholder rights.

We hope our comments are helpful. We understand that this view is consistent with the comments by the Dutch shareholder association Eumedion and International Corporate Governance Network (ICGN).

Should you have any questions or need further information, please do not hesitate to contact us.

Your sincerely,



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