

# Shareholder e-voting on agenda as Singapore trials blockchain-based system

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Belgium's Swift, four banks – Deutsche, DBS, HSBC, StanChart – and SGX involved in tests; benefits include speed, accuracy and security

## BT EXCLUSIVE

By Angela Tan  
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### Singapore

INVESTORS who are unable to attend shareholder meetings may soon be able to do so when a game-changing electronic voting system goes live nationwide following a trial that is taking place now.

The *Business Times* (BT) understands that a proof-of-concept (PoC) on e-Voting using distributed ledger technology (DLT) will be tested in the Asia-Pacific this year. DLT is a digital system where the record of transactions of assets is maintained across multiple places at the same time.

Belgium's Swift – which has a platform that connects more than 11,000 financial institutions, securities firms and corporates in over 200 markets – will jointly conduct the trial using e-Voting DLT-based software developed by SLIB. Four major banks – Deutsche, DBS, HSBC and Standard Chartered – will play the role of market participants casting votes directly or on behalf of their clients, while Singapore Exchange (SGX) will play the role of a central securities depository (CSD) and as an issuer announcing general meetings.

"The objectives of this PoC are to explore a voting solution where information is saved on the ledger, and to support a pre-voting and voting process (including proxy-voting) with issuers, issuer agents, shareholders, financial intermediaries and central securities depositories (CSDs) connected to the e-Voting solution," said Lisa

Nico Torchetti, head of Market Services, Equities & Fixed Income at SGX, says: "By moving towards a paperless voting system which facilitates real time monitoring of voting results, the industry would attain an increased level of STP capabilities, as well as lowering of risks and operating costs."

PHOTO: SGX



O'Connor, managing director, Securities, Treasury & Standards, Asia Pacific, at Swift.

For issuers, shareholders and their proxies or representatives, the technology enables secure identification; easier extraction and access to meeting materials; full track record of votes cast; online and real-time monitoring of pre-assembly phase and access to voting results; data saved in an immutable ledger; transparency and auditability of voting results for companies (listed and unlisted); and

less paperwork as well as increased levels of straight-through-processing (STP) and dissemination of corporate actions information.

Nico Torchetti, head of Market Services, Equities & Fixed Income at SGX, said: "Corporate actions involve a number of stakeholders, from the issuer through the intermediaries, and The Central Depository to the end investors.

"Currently, the dissemination of information, as well as collection and consolidation of elections or votes

are done manually. There is hence a need for a solution that can improve and streamline the current process, while reducing operational risks and improving transparency at the same time," Mr Torchetti said.

"By moving towards a paperless voting system which facilitates real time monitoring of voting results, the industry would attain an increased level of STP capabilities, as well as lowering of risks and operating costs."

Ms O'Connor said there are many other areas where DLT can be applied in the capital market. These include cash settlement, fund distribution and equity settlement.

MAS and SGX started working on Project Ubin in 2016, where they explored using DLT for clearing and settlement of payments and securities. More recently in August 2018, the organisations are collaborating to develop Delivery versus Payment (DvP) capabilities for settlement of tokenised assets across different blockchain platforms.

"We also see more DLT-enabled funds marketplaces now, which help participants have a real-time view of each record," Ms O'Connor said.

Swift is also involved in a project with Australian Securities Exchange (ASX) to replace the Chess (Clearing House Electronic Subregister System) settlement system with DLT.

SGX has previously collaborated with Swift for other projects, such as the SGXNet service offering to issuers as well as in the recent Post Trade System enhancements.

On concerns of data breaches, Mr Torchetti said: "A solution built on a

DLT/Blockchain technology ensures data is encrypted with cryptographic signature, and this guarantees reliable and independent data verification.

Soh Ee Fong, group head, Securities and Fiduciary Services at DBS, noted that the e-voting platform was long overdue: "With this solution, shareholder meetings will not be the same again."

Jyi-chen Chueh, executive director and head, Custody Services, Standard Chartered Bank, agreed that proxy voting is an untapped area for asset

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servicing automation, with many paper-based processes, and said the PoC could "pave the way for game-changing benefits for both the investor and issuer communities".

In line with e-voting, Singapore is also looking at the possibility of virtual annual general meetings. Last week, Second Minister for Finance Indraneel Rajah said in parliament that the Companies Act will be reviewed this year to provide for "the use of digital means for companies to conduct meetings and interact with stakeholders".

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