

## THE GLOBAL CLASS ACTION NEWS ALERT

# European Union (EU) Finalizes Long Awaited Collective Redress (Class Action) Mechanism

### OVERVIEW

On Monday, June 22, the European Parliament issued a press release announcing that “Parliament and Council negotiators reached a deal on the first EU-wide rules on collective redress.”

The New Deal for Consumers was first introduced in 2018 to afford adequate rights to consumers in the wake of millions of EU citizens being victims of Volkswagen’s Dieselgate scandal, but not having a proper road to recovery. At the time, EU courts did not have adequate procedures to effectively aggregate the millions of applicable claims. Of the 27 EU countries, only 13 had a class action or collective action type mechanism.

Now, the EU introduces a harmonized model for representative actions in which state certified qualified entities are able to bring representative actions against EU businesses on behalf of groups of consumers, including investors in securities. As the recent press release states: “The new law also aims to make the internal market function better by improving tools to stop illegal practices and facilitating access to justice for consumers.”

Further, the EU class action proposal is intended to supplement and not supplant member state class action law. When implementing the collective redress procedure, the EU is giving Member States incredible flexibility to apply the mechanism

as they see fit when dealing with domestic claims. This reform is not intended to prevent Member States from adopting or maintaining procedural means for the collective interests of consumers at a national level, rather the intention is that there is at least some form of representative action mechanism available in each nation. However, when dealing with cross-border disputes where all claimants do not reside in the Member State where the action is brought, the EU provides mandated criteria that will govern the action.

### WHY THIS IS IMPORTANT TO YOU

The U.S. Supreme Court’s decision in Morrison in 2010 limited the scope of class actions that could be brought in U.S. courts, reducing important asset recovery opportunities world-wide. In response, other countries began to enact class action laws to fill the void. As a result, portfolio monitoring and class action asset recoveries became more complex, with varying processes and an ever-changing landscape.

Now, the EU has made clear that collective redress, protection of consumer and investor rights, and access to justice, are important issues, and they have created a mechanism to address them.

## NEXT STEPS

There is no immediate change of which you need to be aware. Member States have two years to integrate the directive into their national laws after its initial publication. Once the directive is implemented, which is scheduled for early Fall 2020, it must be applied by each Member State within six months. Following this timeline, it is likely the outcome of this reform will not create new asset recovery opportunities until 2022. However, the Broadridge team will continue to monitor developments, maximize your opportunities and stay on top of the legal and filing requirements.

We provide complete portfolio monitoring and asset recovery services in all class and collective actions, in all jurisdictions to support maximum opportunities and maximum recoveries.

If you would like to learn more contact a Broadridge Global Class Action expert today: +1 855 252 3822.

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