









Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) 2022/0406(COD) Directive</p>	Awaiting Council's 1st reading position
<p>Multiple-vote share structures</p>	
<p>Subject 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 3.45.01 Company law 3.45.02 Small and medium-sized enterprises (SME), craft industries</p>	
<p>Legislative priorities Joint Declaration 2023-24 Joint Declaration 2022</p>	

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	<p>ECON Economic and Monetary Affairs</p>	<p> SANT Alfred</p> <p>Shadow rapporteur</p> <p> VAIDERE Inese</p> <p> POPTCHEVA Eva Maria</p> <p> GRUFFAT Claude</p> <p> GRANT Valentino</p> <p> VAN OVERTVELDT Johan</p> <p> PAPADIMOULIS Dimitrios</p>		25/01/2023
	Committee for opinion	Rapporteur for opinion	Appointed	
	<p>ITRE Industry, Research and Energy (Associated committee)</p> <p>JURI Legal Affairs (Associated committee)</p>	<p>The committee decided not to give an opinion.</p>		
		<p> REPASI René</p>		11/05/2023

Key events

07/12/2022	Legislative proposal published	COM(2022)0761	Summary
01/02/2023	Committee referral announced in Parliament, 1st reading		
15/06/2023	Referral to associated committees announced in Parliament		
24/10/2023	Vote in committee, 1st reading		
24/10/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
26/10/2023	Committee report tabled for plenary, 1st reading	A9-0300/2023	Summary
08/11/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
09/11/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
22/02/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE759.030 GEDA/A/(2024)000984	
24/04/2024	Decision by Parliament, 1st reading	T9-0352/2024	

Technical information

Procedure reference	2022/0406(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Rules of Procedure EP 57; Treaty on the Functioning of the EU TFEU 050; Treaty on the Functioning of the EU TFEU 114
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	ECON/9/10903

Documentation gateway

Legislative proposal	COM(2022)0761	07/12/2022	EC	Summary
Document attached to the procedure	N9-0016/2023 OJ C 065 22.02.2023, p. 0002	06/02/2023	EDPS	
Economic and Social Committee: opinion,	CES5409/2022	22/03/2023	ESC	

report					
Committee draft report		PE749.139	14/06/2023	EP	
Amendments tabled in committee		PE751.684	11/07/2023	EP	
Committee opinion	JURI	PE750.107	20/09/2023	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0300/2023	26/10/2023	EP	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2024)000984	14/02/2024	CSL	
Text agreed during interinstitutional negotiations		PE759.030	14/02/2024	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0352/2024	24/04/2024	EP	

Additional information

Research document	Briefing	12/12/2023
-------------------	--------------------------	------------

Multiple-vote share structures

PURPOSE: to lay down common rules on multiple-vote share structures in companies that seek the admission to trading of their shares on an SME growth market in one or more Member States and that do not have shares already admitted to trading on any trading venue.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: to reinforce the attractiveness of SME growth markets and to reduce inequalities for companies seeking admission to trading in the single market, it is necessary to address obstacles to the access to such markets that stem from regulatory barriers. Companies should be able to choose governance structures that suit best their development stage, including by enabling controlling shareholders of those companies to retain control of the business after accessing SME growth markets, while enjoying the benefits associated to trading on those markets, as long as the rights of minority shareholders continue to be safeguarded.

Multiple-vote share structures, which are currently exclusively regulated at national level, are an effective mechanism to enable controlling shareholders to retain decision-making power in a company, while raising funds from the public.

There is currently fragmentation in the EU as regards multiple-vote share structures, which leads to unequal opportunities for EU companies when deciding to list. The existing differences in national regimes on multiple-vote share structures create an uneven playing field for companies in different Member States.

This proposal seeks to achieve a minimum harmonisation of national laws on multiple-vote share structures of companies listing on SME growth markets, while leaving sufficient flexibility to Member States for its implementation.

This proposal is part of the Listing Act package, a set of measures to make public capital markets more attractive for EU companies and facilitate access to capital for small and medium-sized companies (SMEs).

CONTENT: this Commission proposal lays down common rules on multiple-vote share structures in companies that seek the admission to trading of their shares on an SME growth market in one or more Member States and that do not have shares already admitted to trading on any trading venue.

Its specific provisions concern the following:

- the introduction or maintenance of national provisions on multiple-vote shares: Member States may introduce or maintain in force national provisions that allow companies to adopt multiple-vote share structures in situations not covered by this Directive;
- the adoption of multiple-vote share structures: Member States should ensure that companies that do not have shares that are admitted to trading on a trading venue have the right to adopt multiple-vote share structures for the admission to trading of shares on an SME growth market in one or more Member States. Member States will not prevent the admission to trading of shares of a company on an SME growth market on the ground that the company has adopted a multiple-vote share structure.

Safeguards

This proposal provides for safeguards to ensure protection of minority shareholders and the interests of the company. Those safeguards require all Member States to ensure that any decision to adopt a multiple-vote share structure, or to modify that structure where there is an impact on voting rights, is taken by a qualified majority at the general shareholders meeting. The safeguards set out in this proposal also introduce a limitation on the voting weight of multiple-vote shares by introducing restrictions either on the design of the multiple-vote share structure or on the exercise of voting rights attached to multiple vote shares for the adoption of certain decisions. These safeguards are designed to protect the interest of minority shareholders and the interests of the company, while at the same time allowing sufficient flexibility

to controlling shareholders so as to not disincentivise the use of multiple-vote share structures. Furthermore, these safeguards are largely in line with those already in existence in the legal systems of the Member States with well-functioning multiple-vote share structure regimes. Thus, those Member States would require minimum adjustments to their current legal systems.

Transparency

Member States will ensure that companies with multiple-vote share structures whose shares are traded or are to be traded on an SME growth market make publicly available detailed information on all of the following:

- the structure of their capital, including securities which are not admitted to trading on an SME growth market in a Member State, with an indication of the different classes of shares and, for each class of shares, the rights and obligations attached to that class and the percentage of total share capital and total voting rights that such class represents;
- any restrictions on the transfer of securities, including any agreements between shareholders which are known to the company that could result in restrictions on the transfer of securities;
- the identity of holders of any securities with special control rights and a description of those rights;
- any restrictions on voting rights, including any agreements between shareholders which are known to the company that could result in restrictions on voting rights;
- the identity of the shareholders holding multiple-vote shares and of the natural person or legal entity entitled to exercise voting rights on behalf of such shareholders, where applicable.

Where the holders of multiple-vote shares or the persons entitled to exercise voting rights on their behalf or the holders of securities with special control rights are natural persons, the disclosure of their identity shall require only the disclosure of their names.

Review

By five years after the entry into force, the Commission will submit a report to the European Parliament and the Council on the implementation and effects of this Directive. To that effect by four years after the entry into force, Member States will provide the Commission with information in particular on the following:

- the number of companies admitted to trading with multiple-vote shares;
- the sector in which the companies are active and the respective capitalisation at the moment of issuance;
- the investor protection safeguard applied by the companies with respect to multiple-vote share structures.

Multiple-vote share structures

The Committee on Economic and Monetary Affairs adopted the report by Alfred SANT (S&D, MT) on the proposal for a directive of the European Parliament and of the Council on multiple-vote share structures in companies that seek the admission to trading of their shares on an SME growth market.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Transparency

The report highlighted that the disclosure of accurate, comprehensive and timely information about issuers strengthens investor confidence and allows for informed investment decision-making. Such informed investment decision-making enhances both investor protection and market efficiency. Member States should therefore require companies with multiple-vote share structures to have a stock name that ends with the marker WVR (weighted voting rights) in order to clearly indicate to the public that their shareholder structure and liquidity profile is different from that of traditional companies.

Member States should also require companies with multiple-vote share structures to publish detailed information on their share structure and corporate governance system at the moment of the admission to trading, as well as periodically in the annual financial report.

Furthermore, those companies should in accordance with existing transparency law, disclose the identity of holders of multiple-vote shares as well as of the natural persons entitled to exercise voting rights on their behalf and of persons exercising special control rights to provide investors, as members of general public, with transparency on ultimate ownership and de facto influence on the company. This would allow investors to make informed decisions and thereby strengthen their confidence in well-functioning capital markets.

National competent authorities, regulated markets, SME growth markets and MTFs, should promote investor understanding and awareness concerning the WVR marker and the impact on voting rights associated with investing in companies with multiple-vote share structures.

Review

To assess the implementation and impact of this Directive, in particular any negative impact on stakeholders, and to take account of market developments and developments in other areas of Union law or Member States experiences with the implementation of this Directive, the Commission should review this Directive three years following the date of transposition and every three years thereafter.

Transparency				
SANT Alfred	Rapporteur	ECON	29/11/2023	Permanent Representation of Sweden to the EU
SANT Alfred	Rapporteur	ECON	28/11/2023	Danish Ministry for Industry, Business and Financial Affairs

POPTCHEVA Eva Maria	Shadow rapporteur	ECON	07/06/2023	NASDAQ
POPTCHEVA Eva Maria	Shadow rapporteur	ECON	28/03/2023	Deutsches Aktieninstitut
FUGLSANG Niels	Member	11/10/2023	Confederation of Danish Industry	
FITZGERALD Frances	Member	18/09/2023	Banking & Payments Federation Ireland	