












# Procedure file

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

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

## Key events

07/12/2022	Legislative proposal published	<a href="#">COM(2022)0761</a>	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	<a href="#">A9-0300/2023</a>	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	<a href="#">PE759.030</a> GEDA/A/(2024)000984	
24/04/2024	Decision by Parliament, 1st reading	<a href="#">T9-0352/2024</a>	Summary

## Technical information

Procedure reference	2022/0406(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Treaty on the Functioning of the EU TFEU 050; Rules of Procedure EP 57_o; Treaty on the Functioning of the EU TFEU 114
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a>
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	ECON/9/10903

## Documentation gateway

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

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

### Additional information

Research document	<a href="#">Briefing</a>	12/12/2023
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## 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

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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.

## Multiple-vote share structures

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The European Parliament adopted by 353 votes to 118, with 114 abstentions, a legislative resolution 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 European Parliaments position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

#### Subject matter and scope

This Directive lays down common rules on multiple-vote share (MVS) structures in companies that seek admission to trading of their shares on multilateral trading facilities (MTFs), which include SME growth markets, and whose shares are not already admitted to trading on an MTF or a regulated market.

#### Adoption or modification of an MVS structure before admission to trading

Member States should that a company whose shares are not already admitted to trading on a regulated market or an MTF has the right to adopt an MVS structure for the admission to trading of its shares on an MTF. The decision of the company to adopt an MVS structure is taken by the general meeting by at least a qualified majority as specified in national law.

#### Safeguards

Companies with an MVS structure whose shares are to be traded or are traded on an MTF should appropriate safeguards in place to provide for adequate protection of the interests of shareholders who do not hold MVSs.

Member States should limit the impact of the MVSs on the decision-making process at the general meeting by introducing at least one of the following:

- a maximum ratio of the number of votes attached to MVSs to the number of votes attached to shares with the least voting rights;
- a requirement that decisions by the general meeting subject to qualified majority of the votes cast as specified in national law, excluding decisions regarding the appointment and dismissal of members of the administrative, management and supervisory bodies of the company, and also excluding operational decisions to be taken by such bodies which are submitted to the general meeting for approval, are to be adopted by: (i) a qualified majority, as specified in national law, both of the votes cast and either of the share capital represented at the meeting or of the number of shares represented at the meeting; or (ii) a qualified majority, as specified in national law, of the votes cast, and subject to a separate vote in each class of shares the rights of which are affected.

#### Transparency

The disclosure of accurate and comprehensive information about companies is the basis for investor confidence and is necessary for informed investment decision-making. Such informed investment decision-making is needed for both investor protection and market efficiency. Member States should therefore require companies exercising their right under this Directive to adopt or modify an MVS structure:

- to publish information concerning their share structure at the moment of admission to trading on an MTF in a prospectus or in an admission document, where the company publishes such a prospectus or document in accordance with relevant law;
- to publish that information concerning their share structure in any annual financial report required by law once their shares are admitted to trading in cases where that information has not previously been published or has changed since it was last published.

Member States should require investment firms and market operators operating an MTF to ensure that the shares of companies with MVS structures admitted to trading on that MTF are clearly identified as such by those investment firms and market operators.

The European Securities and Markets Authority (ESMA) should develop draft regulatory technical standards to specify how the investment firms and market operators should identify shares of companies with MVS structures.

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	