

Multiple-vote share structures

2022/0406(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

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 Parliament's 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.