Basic information

2022/0406(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Directive	Procedure completed
Multiple-vote share structures **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 **Legislative priorities** Joint Declaration 2022 Joint Declaration 2023-24	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	SANT Alfred (S&D)	25/01/2023
	Shadow rapporteur VAIDERE Inese (EPP) GRUFFAT Claude (Greens /EFA) VAN OVERTVELDT Johan (ECR) GRANT Valentino (ID) PAPADIMOULIS Dimitrios (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy (Associated committee)	The committee decided not to give an opinion.	
JURI Legal Affairs (Associated committee)	REPASI René (S&D)	11/05/2023

Council of the European Union

European

Commission DG	Commissioner

Commission	Financial Stability, Financial Services and Capital Markets Union	MCGUINNESS Mairead
European Economic and Social Committee		

Key events

Date	Event	Reference	Summary
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 72)		
09/11/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
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	Summary
24/04/2024	Results of vote in Parliament		
08/10/2024	Act adopted by Council after Parliament's 1st reading		
23/10/2024	Final act signed		
14/11/2024	Final act published in Official Journal		

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_o Treaty on the Functioning of the European Union TFEU 050 Treaty on the Functioning of the European Union TFEU 114
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/10903

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE749.139	14/06/2023	
Amendments tabled in committee		PE751.684	11/07/2023	
Committee opinion	JURI	PE750.107	20/09/2023	
Committee report tabled for plenary, 1st reading/single reading		A9-0300/2023	26/10/2023	Summary
Text agreed during interinstitutional negotiations		PE759.030	14/02/2024	
Text adopted by Parliament, 1st reading/single reading		T9-0352/2024	24/04/2024	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2024)000984	14/02/2024	
Draft final act	00023/2024/LEX	23/10/2024	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2022)0761	07/12/2022	Summary
Commission response to text adopted in plenary	SP(2024)394	08/08/2024	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	ES_PARLIAMENT	COM(2022)0761	23/03/2023	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EDPS	Document attached to the procedure	N9-0016/2023 OJ C 065 22.02.2023, p. 0002	06/02/2023	
EESC	Economic and Social Committee: opinion, report	CES5409/2022	22/03/2023	

Additional information

Source	Document	Date
European Parliament	Briefing	12/12/2023
European Commission	EUR-Lex	

Final act
Directive 2024/2810 OJ OJ L 14.11.2024 Summary

Multiple-vote share structures

2022/0406(COD) - 07/12/2022 - Legislative proposal

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

2022/0406(COD) - 14/11/2024 - Final act

PURPOSE: increase the attractiveness of listing on trading platforms primarily targeted at small and medium-sized enterprises (SMEs), such as SME growth markets and other multilateral trading facilities (MTFs).

LEGISLATIVE ACT: Directive (EU) 2024/2810 of the European Parliament and of the Council on multiple-vote share structures in companies that seek admission to trading of their shares on a multilateral trading facility.

CONTENT: the directive is part of the Listing Act package, a set of measures to make public capital markets more attractive to EU companies and to facilitate access to capital for small- and medium-sized companies.

The legislative package on listing includes:

- a regulation amending the Prospectus Regulation, the Market Abuse Regulation and the Regulation on markets in financial instruments;

- a directive amending the Markets in Financial Instruments and repealing the Listing Directive;

- a directive on multiple voting shares.

Background

Fear of losing control of the company constitutes an important deterrent for controlling shareholders to access a public market, such as a multilateral trading facility (MTF). Admission to trading usually entails dilution of ownership for controlling shareholders, thus reducing their influence over important investment and operating decisions. A multiple-vote share (MVS) structure is a form of control-enhancing mechanism, which can enable controlling shareholders to retain decision-making power in a company while raising funds from the public.

Subject matter

The directive adopted creates a **minimum harmonisation** at EU level that removes obstacles for the access of SMEs with multiple-vote structures not only to SME growth markets but also to any other multilateral trading facility open to trading of SME shares.

Adoption or modification of an MVS structure before admission to trading

Member States will:

- ensure 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;

- ensure that the decision of the company to adopt an MVS structure is taken by the general meeting of shareholders by at least a **qualified majority** as specified in national law. Member States will not make the adoption of an MVS structure conditional upon the provision of enhanced economic rights for shares without enhanced voting rights.

Safeguards

The directive protects the rights of shareholders with fewer votes per share by introducing safeguards on how key decisions are taken at general meetings (either with a maximum voting ratio, that is to say the value of the votes per share that existing shareholders may hold compared to entering shareholders, or with a restriction on the decisions that the general meeting can take by qualified majority).

Transparency

The directive requires transparency measures for companies having multiple-vote share structures and listing their shares in order to help investors take their decisions. Member States will 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;

- they 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.

The European Securities and Markets Authority (ESMA) will develop regulatory technical standards on the most appropriate way of marking multiple-vote shares.

ENTRY INTO FORCE: 4.12.2024.

TRANSPOSITION: 5.12.2026 at the latest.

Multiple-vote share structures

2022/0406(COD) - 26/10/2023 - Committee report tabled for plenary, 1st reading/single reading

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

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.