



2022/0406(COD)

14.6.2023

*****I**

DRAFT REPORT

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 (COM(2022)0761 – C9-0416/2022 – 2022/0406(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Alfred Sant

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	23

DRAFT EUROPEAN PARLIAMENT 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
(COM(2022)0761 – C9-0416/2022 – 2022/0406(COD))**

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2022)0761),
 - having regard to Article 294(2) and Article 50(1), Article 50(2), point (g), and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0416/2022),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 23 March 2023¹,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the opinion of the Committee on Legal Affairs,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2023),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a directive

Recital 1

¹ OJ C 184, 25.5.2023, p. 103.

Text proposed by the Commission

(1) 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.

Amendment

(1) To reinforce the attractiveness of **listing and** 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, **within certain limits,** 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 **a regulated market or** 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.

Or. en

Amendment 2

Proposal for a directive

Recital 2

Text proposed by the Commission

(2) Fear of losing control over a company constitutes one of the main deterrents for controlling shareholders to **access SME growth markets**. Admission to trading usually entails dilution of ownership for controlling shareholders, thus reducing their influence over important investment and operating decisions in the company. Maintaining control of the company may in particular be important for start-ups and companies with long-term projects that require significant upfront costs, because they may wish to pursue their vision without becoming too exposed to market fluctuations.

Amendment

(2) Fear of losing control over a company constitutes one of the main deterrents for controlling shareholders to **trade in the single market**. Admission to trading usually entails dilution of ownership for controlling shareholders, thus reducing their influence over important investment and operating decisions in the company. Maintaining control of the company may in particular be important for start-ups and companies with long-term projects that require significant upfront costs, because they may wish to pursue their vision without becoming too exposed to market fluctuations. **Shareholders in SMEs and family-owned companies might be strongly deterred from seeking listing and tapping into public markets due to a fear**

of losing control over the company.

Or. en

Amendment 3

Proposal for a directive Recital 4

Text proposed by the Commission

(4) There are other control enhancing mechanisms that allow leveraging voting power, apart from multiple-vote share structures. Such mechanisms may include non-voting shares, non-voting preference shares and voting right ceilings. However, those alternative control enhancing mechanisms, being more rigid in their set-up, are liable to constrain the amount of capital that a company can raise at the point of admission to trading *on SME growth markets due to the lower disassociation between economic and voting rights.*

Amendment

(4) There are other control enhancing mechanisms that allow leveraging voting power, apart from multiple-vote share structures. Such mechanisms may include non-voting shares, non-voting preference shares and voting right ceilings. However, those alternative control enhancing mechanisms, being more rigid in their set-up, are liable to constrain the amount of capital that a company can raise at the point of admission to trading.

Or. en

Amendment 4

Proposal for a directive Recital 7

Text proposed by the Commission

(7) Member States should provide companies with the possibility to adopt multiple-vote share structures to allow them to seek admission to trading on a SME growth market without their controlling shareholders having to relinquish control. While admission to trading on regulated markets is more suitable for larger and more mature companies, SME growth markets are generally more appropriate for SMEs. SME growth markets were originally designed as SME dedicated trading venues with a regulatory treatment that takes the

Amendment

(7) Member States should provide companies with the possibility to adopt multiple-vote share structures to allow them to seek admission to trading on a *regulated market or an* SME growth market without their controlling shareholders having to relinquish control. While admission to trading on regulated markets is *generally* more suitable for larger and more mature companies, SME growth markets are generally more appropriate for SMEs. SME growth markets were originally designed as SME dedicated trading venues with a regulatory

particularities of SMEs into account. Not all companies with securities listed on SME growth markets are, however, SMEs. Directive 2014/65/EU of the European Parliament and of the Council³⁹ requires that SMEs constitute at least 50 % of the issuers of financial instruments admitted to trading on SME growth markets. Companies other than SMEs generally have more liquid securities and hence their admission to SME growth markets enables those markets to generate higher trading fees to maintain profitability of their business model. Nevertheless, to ensure clarity for investors, all issuers on SME growth markets, irrespective of their size, are currently subject to the same rules. ***It is therefore appropriate that the introduction of the right to adopt multiple-vote share structures applies to all companies seeking admission of their shares on an SME growth market for the first time.***

³⁹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

treatment that takes the particularities of SMEs into account. Not all companies with securities listed on SME growth markets are, however, SMEs. Directive 2014/65/EU of the European Parliament and of the Council³⁹ requires that SMEs constitute at least 50 % of the issuers of financial instruments admitted to trading on SME growth markets. Companies other than SMEs generally have more liquid securities and hence their admission to SME growth markets enables those markets to generate higher trading fees to maintain profitability of their business model. Nevertheless, to ensure clarity for investors, all issuers on SME growth markets, irrespective of their size, are currently subject to the same rules.

³⁹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

Or. en

Amendment 5

Proposal for a directive Recital 8

Text proposed by the Commission

(8) Member States should be able to ***introduce, or*** maintain in force, national provisions that allow companies to adopt these structures for ***purposes other than the*** first time admission to trading of shares on a ***SME growth*** market. ***That includes allowing companies to adopt multiple-vote shares when already admitted to trading,***

Amendment

(8) Member States should be able to maintain in force national provisions that allow companies to adopt these structures for first time admission to trading of shares on a ***regulated*** market ***or a*** SME growth market. This may also include cases whereby companies transfer from an SME growth market to a regulated market, while

when seeking admission on a Multilateral Trading Facility that is not registered as SME growth market or on a regulated market, or ensuring that private companies can adopt multiple-vote shares, regardless of whether they intend to request admission to trading of their shares. This may also include cases whereby companies transfer from an SME growth market to a regulated market, while retaining multiple-vote shares.

retaining multiple-vote shares.

Or. en

Amendment 6

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) Companies may adopt multiple-vote share structures through a new issuance of shares or through another type of corporate transaction, such as the conversion of already issued shares. Companies should have the flexibility to choose the most appropriate type of corporate transaction to adopt multiple vote share structures in compliance with national law. Furthermore, companies should also have the flexibility as to the timing of the adoption of multiple-vote share structures, provided they do so to seek a first time admission of shares to trading on a SME growth market.

Member States should not prevent companies from adopting multiple-vote share structures at a point prior to the moment of the admission of shares to trading. Member States should, however, be allowed to lay down that the exercise of the enhanced voting rights, which represent additional voting rights attached to multiple-vote shares compared to voting rights of shares of other classes, is conditional upon the admission to trading of shares on an SME growth market in one or more Member States. In that case and

Amendment

(9) Member States should not prevent companies from adopting multiple-vote share structures at a point prior to the moment of the admission of shares to trading. Member States should, however, be allowed to lay down that the exercise of the enhanced voting rights, which represent additional voting rights attached to multiple-vote shares compared to voting rights of shares of other classes, is conditional upon the admission to trading of shares on ***a regulated market or an SME growth market*** in one or more Member States. In that case and until the admission to trading, multiple-vote shares should have the same voting rights as other classes of shares in the company. That would ensure that multiple vote shares specifically promote a first-time admission to trading on ***regulated markets or SME growth markets***.

until the admission to trading, multiple-vote shares should have the same voting rights as other classes of shares in the company. That would ensure that multiple-vote shares specifically promote a first-time admission to trading on SME growth markets.

Or. en

Amendment 7

Proposal for a directive Recital 13

Text proposed by the Commission

(13) 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 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. Such information should mention whether there are any limitations on the holding of securities, including whether any transfer of securities requires the approval either of the company, or of other holders of securities. It should also mention whether there are any restrictions on voting rights, including limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby the financial rights attached to securities are separated from the holding of securities. Furthermore, those companies should 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

Amendment

(13) 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 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. Such information should mention whether there are any limitations on the holding of securities, including whether any transfer of securities requires the approval either of the company, or of other holders of securities. It should also mention whether there are any restrictions on voting rights, including limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby the financial rights attached to securities are separated from the holding of securities. Furthermore, those companies should 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.

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. ***Such information will need to be updated periodically and whenever there occurs a significant change in the ownership or control of the shares holding special voting rights.***

Or. en

Amendment 8

Proposal for a directive Recital 14

Text proposed by the Commission

(14) Since the objectives of this Directive, namely to increase funding options for businesses **and** make SME growth markets more attractive, cannot be sufficiently and timely achieved by Member States but can rather, by reason of the scale and effects of the measures, be more effectively and expeditiously achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on the European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.

Amendment

(14) Since the objectives of this Directive, namely to increase funding options for businesses **as well as to** make SME growth markets more attractive, cannot be sufficiently and timely achieved by Member States but can rather, by reason of the scale and effects of the measures, be more effectively and expeditiously achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on the European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.

Or. en

Amendment 9

Proposal for a directive Recital 15

Text proposed by the Commission

(15) 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 **5** years following the date of transposition.

Amendment

(15) 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.

Or. en

Amendment 10

**Proposal for a directive
Article 1 – paragraph 1**

Text proposed by the Commission

This Directive 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.

Amendment

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

Or. en

Amendment 11

**Proposal for a directive
Article 2 – paragraph 1 – point f**

Text proposed by the Commission

(f) ‘weighted voting ratio’ means the ratio of votes attached to multiple-vote shares to votes attached to shares with the least voting rights.

Amendment

deleted

Or. en

Amendment 12

**Proposal for a directive
Article 2 – paragraph 1 – point f a (new)**

Text proposed by the Commission

Amendment

(fa) ‘*regulated market*’ means a *regulated market as defined in Article 4(1), point (21), of Directive 2014/65/EU*;

Or. en

Amendment 13

Proposal for a directive Article 3 – title

Text proposed by the Commission

Amendment

Introduction or maintenance of national provisions on multiple-vote shares

Maintenance of national provisions on multiple-vote shares

Or. en

Amendment 14

Proposal for a directive Article 3 – paragraph 1

Text proposed by the Commission

Amendment

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.

Member States may maintain in force national provisions that allow companies to adopt multiple-vote share structures in situations not covered by this Directive.

Or. en

Amendment 15

Proposal for a directive Article 4 – paragraph 1

Text proposed by the Commission

Amendment

1. Member States shall 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

1. Member States shall 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 ***a regulated market or*** an SME

more Member States. Member States shall 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.

growth market in one or more Member States. Member States shall not prevent the admission to trading of shares of a company on *a regulated market or* an SME growth market on the ground that the company has adopted a multiple-vote share structure.

Or. en

Amendment 16

Proposal for a directive Article 4 – paragraph 2

Text proposed by the Commission

2. The right referred to in paragraph 1 encompasses the right to adopt multiple-vote share structures in time prior to seeking the admission to trading of shares on an SME growth market.

Amendment

2. The right referred to in paragraph 1 encompasses the right to adopt multiple-vote share structures in time prior to seeking the admission to trading of shares on *a regulated market or* an SME growth market.

Or. en

Amendment 17

Proposal for a directive Article 4 – paragraph 3

Text proposed by the Commission

3. Member States may make the exercise of the enhanced voting rights attached to the multiple-vote shares conditional upon the admission to trading of shares on an SME growth market in one or more Member States.

Amendment

3. Member States may make the exercise of the enhanced voting rights attached to the multiple-vote shares conditional upon the admission to trading of shares on *a regulated market or* an SME growth market in one or more Member States.

Or. en

Amendment 18

Proposal for a directive Article 5 – title

Text proposed by the Commission

Amendment

Safeguards **for fair and non-discriminatory treatment of shareholders of a company**

Safeguards **in companies that have adopted a multiple-vote share structure**

Or. en

Amendment 19

Proposal for a directive

Article 5 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. Member States shall ensure **fair and non-discriminatory treatment of shareholders, as well as** adequate protection of the interests of **the** shareholders who do not hold multiple-vote shares **and of the company through appropriate safeguards**. To that effect, Member States shall do **all of** the following:

1. Member States shall ensure **that in companies that have adopted a multiple-vote share structure in accordance with this Directive, appropriate safeguards are in place to provide for** adequate protection of the interests of shareholders who do not hold multiple-vote shares. To that effect, Member States shall do the following:

Or. en

Amendment 20

Proposal for a directive

Article 5 – paragraph 1 – point a – subparagraph 1

Text proposed by the Commission

Amendment

ensure that a **company's decision to adopt a multiple-vote share structure and any subsequent decision to modify a multiple-vote share structure that affects voting rights are taken by the general shareholders' meeting of that company and are approved by a qualified majority as specified in national law.**

ensure that a **multiple-voting structure can only range between a one to two ratio and a one to five ratio;**

Or. en

Amendment 21

Proposal for a directive

Article 5 – paragraph 1 – point a – subparagraph 2

Text proposed by the Commission

Amendment

For the purposes of this point, where there are several classes of shares, such decisions shall also be subject to a separate vote for each class of shareholders whose rights are affected; **deleted**

Or. en

Amendment 22

Proposal for a directive

Article 5 – paragraph 1 – point b – introductory part

Text proposed by the Commission

Amendment

(b) *limit the voting weight of multiple-vote shares on the exercise of other shareholders' rights, in particular during general meetings, by introducing either of the following:*

(b) *a provision to avoid that the enhanced voting rights attached to multiple-vote shares continue to exist after a period of ten years (time-based sunset clause);*

Or. en

Amendment 23

Proposal for a directive

Article 5 – paragraph 1 – point b – point i

Text proposed by the Commission

Amendment

(i) *a maximum weighted voting ratio and a requirement on the maximum percentage of the outstanding share capital that the total amount of multiple-vote shares can represent;* **deleted**

Or. en

Amendment 24

Proposal for a directive

Article 5 – paragraph 1 – point b – point ii

Text proposed by the Commission

Amendment

(ii) a restriction on the exercise of the enhanced voting rights attached to multiple-vote shares for voting on matters to be decided at the general meeting of shareholders and that require the approval by a qualified majority.

deleted

Or. en

Amendment 25

Proposal for a directive

Article 5 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) limit the impact of multiple-vote shares on the decision-making process at general meetings of shareholders by introducing the following:

(i) a maximum ratio of the voting rights attached to multiple-vote shares to the voting rights attached to shares with the least voting rights;

(ii) a requirement that decisions by general meetings of shareholders that are subject to qualified majority voting, excluding appointment and dismissal of directors as well as operational decisions to be taken by directors and submitted to the general meeting of shareholders for approval, are to be adopted by:

– 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

– a qualified majority, as specified in national law, of the votes cast, and are subject to a separate vote within each class of shares the rights of which are affected;

(iii) a requirement to ensure that the enhanced voting rights cannot be used to

block the adoption of decisions that aim to prevent, reduce or eliminate adverse impacts related to the operations of the company concerned on human rights or the environment.

Or. en

Amendment 26

Proposal for a directive

Article 5 – paragraph 2 – introductory part

Text proposed by the Commission

2. Member States may provide for further safeguards to ensure adequate protection of shareholders ***and of the interests of the company. Those safeguards may include in particular:***

Amendment

2. Member states may provide for further safeguards to ensure adequate protection of ***the interest of*** shareholders ***who do not hold multiple-vote shares.***

Or. en

Amendment 27

Proposal for a directive

Article 5 – paragraph 2 – point a

Text proposed by the Commission

(a) a provision to avoid that the enhanced voting rights attached to multiple-vote shares are transferred to third parties or continue to exist upon the death, incapacitation or retirement of the original holder of multiple-vote shares (transfer-based sunset clause);

Amendment

deleted

Or. en

Amendment 28

Proposal for a directive

Article 5 – paragraph 2 – point b

Text proposed by the Commission

(b) a provision to avoid that the enhanced voting rights attached to

Amendment

deleted

multiple-vote shares continue to exist after a designated period of time (time-based sunset clause);

Or. en

Amendment 29

Proposal for a directive Article 5 – paragraph 2 – point c

Text proposed by the Commission

Amendment

(c) a provision to avoid that the enhanced voting rights attached to multiple-vote shares continue to exist upon the occurrence of a specified event (event-based sunset clause);

deleted

Or. en

Amendment 30

Proposal for a directive Article 5 – paragraph 2 – point d

Text proposed by the Commission

Amendment

(d) a requirement to ensure that the enhanced voting rights cannot be used to block the adoption of decisions by the general shareholders' meeting aiming at preventing, reducing or eliminating adverse impacts on human rights and the environment related to the company's operations.

deleted

Or. en

Amendment 31

Proposal for a directive Article 6 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. Member States shall ensure that companies with multiple-vote share structures whose shares are traded or are to

1. Member States shall 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, in the *[EU Growth issuance document referred to in Article 15a]* of Regulation (EU) 2017/1129 of the European Parliament and of the Council⁴³ or in the admission document referred to in Article 33(3), point (c), of Directive (EU) 2014/65/EU and in the company's annual financial report referred to in Article 78(2), point (g), of Commission Delegated Regulation (EU) 2017/565⁴⁴, detailed information on all of the following:

⁴³ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

⁴⁴ Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 87, 31.3.2017, p. 1).

be traded on *a regulated market or* an SME growth market make publicly available, *respectively*, in the *prospectus referred to in Article 6* of Regulation (EU) 2017/1129 of the European Parliament and of the Council⁴³ *[or in the EU Growth issuance document referred to in Article 15a of that Regulation]* or in the admission document referred to in Article 33(3), point (c), of Directive (EU) 2014/65/EU and in the company's annual financial report referred to in Article 78(2), point (g), of Commission Delegated Regulation (EU) 2017/565⁴⁴, detailed information on all of the following:

⁴³ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

⁴⁴ Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 87, 31.3.2017, p. 1).

Or. en

Amendment 32

Proposal for a directive Article 6 – paragraph 1 – point a

Text proposed by the Commission

(a) 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

Amendment

(a) the structure of their capital, including securities which are not admitted to trading on *a regulated market or* an SME growth market in a Member State, with an indication of the different classes of shares and, for each class of shares, the

attached to that class and the percentage of total share capital and total voting rights that such class represents;

rights and obligations attached to that class and the percentage of total share capital and total voting rights that such class represents;

Or. en

Amendment 33

Proposal for a directive Article 6 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Companies with multiple-vote share structures the shares of which are traded or are to be traded on a regulated market or an SME growth market shall have a stock name that ends with the marker 'WVR' (Weighted Voting Rights) in order to clearly notify the public that their shareholder structure is different from traditional stocks. National competent authorities and SME growth markets shall promote investor understanding and awareness concerning the WVR-marker and the impact on voting rights associated with investing into companies with multiple vote-share structures.

Or. en

Amendment 34

Proposal for a directive Article 7 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

By [**five** years after the entry into force], the Commission shall 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 shall provide the Commission with information in particular on the following:

By [**three** years after the entry into force **of this Directive**], the Commission shall submit a report to the European Parliament and the Council on the implementation and effects of this Directive. To that effect by [**two** years after the entry into force **of this Directive**], Member States shall provide the Commission with information in

particular on the following:

Or. en

Amendment 35

Proposal for a directive Article 8 – paragraph 1

Text proposed by the Commission

1. Member States shall bring into force the law, regulations and administrative provisions necessary to comply with this Directive by **2 years** after the date of entry into force of this Directive. They shall immediately inform the Commission thereof. When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

Amendment

1. Member States shall bring into force the law, regulations and administrative provisions necessary to comply with this Directive by ... **[one year** after the date of entry into force of this Directive~~]~~. They shall immediately inform the Commission thereof. When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

Or. en

EXPLANATORY STATEMENT

The Rapporteur welcomes the Commission's proposal for the Listing Act and its designed overhaul of the current EU framework for company listings.

As part of this proposal, a package of reviews to existing pieces of legislation is in front of us.

The Commission proposals comprise the following:

- A proposal to amend (i) the Prospectus Regulation to harmonise requirements for the drawing up, approval, and distribution of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (2017/1129), (ii) the regulation on market abuse (MAR) aimed at preventing and detecting market abuse, market manipulation and insider dealing (596/2014), and (iii) the regulation on markets in financial instruments (MiFIR), which provides a legal framework for securities markets, investment intermediaries, and trading venues (600/2014);
- A proposal to amend the directive on markets in financial instruments, MiFID II, designed to regulate financial markets and improve protections for investors (2014/65/EU), and to repeal the Listing Directive coordinating the conditions for admission of securities to official stock exchange listings and the information to be published on those securities (2001/34/EC);
- A proposal for a new directive on multiple-vote share structures in companies that seek the admission to trading of their shares on an SME growth market. The proposal aims to address the regulatory burden faced by companies during the phase preceding the initial public offering (IPO) and the imbalance across the EU when choosing appropriate governance structures when they list (2022/0406).

As a general approach, the Rapporteur approves simplification and standardisation of the listing framework in the EU, as long as this is not to the detriment of investors and/or the market. There is a general acceptance from all sides: work on the CMU has fallen too far behind, and it is not delivering results.

The EU capital market continues to lose ground when compared to other continent-wide markets. In relative terms but not only, the share of market capitalisation worldwide has been shrinking these last three years, and this with Brexit taken into account.

The Listing Act aims to reduce regulatory burdens, generally perceived as one of the main obstacles to progress towards a flourishing EU capital market. A reduction in regulatory burdens associated with listing must, however, not come at the expense of keeping strong

investor protection rules in place.

In the spirit of attaining a balanced approach, the Rapporteur has met with a great number of market participants and regulators. On this basis, the Rapporteur is proposing to amend the Commission's proposal on a number of elements while maintaining and enhancing its main *raison d'être*.

The major changes relate to the following issues: threshold for prospectus requirements; length of the prospectus; strengthening of ESG requirements; MAR's revision on insiders; proposed changes to the Mifid II Directive; and the widening of the Multiple Voting Structure Directive.

Threshold for prospectus requirements

The Rapporteur believes that due to the current European market architecture, a uniform EUR 12 million threshold for exempting small offers of securities to the public from the obligation to publish a prospectus is not in the best interest of maintaining satisfactory regulation over the market at national level. Therefore, it is proposed to adopt the Commission's approach on the sequencing of the prospectus, to also allow an increase of the threshold to EUR 12 million but at the same time giving flexibility to Member States to adopt lower thresholds with a minimum of EUR 5 million threshold.

Length of the prospectus

As part of the Listing Act proposal, the Commission is attempting to create an EU-level standardisation for prospectuses. This approach is generally welcomed by the Rapporteur. He fully agrees with the view that a uniform structure based on sequencing is ideal for all players on the market since it makes prospectuses more readable and comprehensible for both retail and professional investors.

Yet, the Commission also seeks to introduce a blanket length limit at 300 pages for prospectuses in order, it claims, to make it easier for retail investors to read such prospectuses. The Rapporteur recognises that prospectuses are lengthy and possibly unreadable for the average retail investor. Yet, data shows that retail investors do not read prospectuses, even in countries where prospectuses are lower than 300 pages. The prospectus in fact remains a professional document prepared for professional investors. It is seen as an instrument that covers issuers for legal liability, mostly read by professional investors or advisors operating out of investing funding agencies. They have, or should have, no problem with reading and understanding prospectuses, no matter their length. For these stated reasons, the Rapporteur adopts the Commission's view on the sequencing of prospectuses while suggesting to remove page limits on prospectus documents.

Strengthening of ESG requirements

The Rapporteur welcomes the inclusion of ESG rules in the proposed framework, and is of the view that the placement of ESG rules needs to be strengthened in the prospectus presentation and elsewhere. Changes to the prospectus regulation must, in the Rapporteur's view, remain coherent with the ongoing general EU reform commitment across this essential policy area, about which there is wide-ranging agreement.

MAR's revision on insiders

The Listing Act's proposals for changes to the MAR are generally welcomed although the Rapporteur recognises the controversial nature of the Commission's proposed revision on insiders and how to identify and monitor them. Here, the Rapporteur notes ESMA's warning regarding the simplifications being proposed, which could harm the capacity of national supervisors to easily enforce the rules against market abuse. Therefore, the Draft Report proposes the removal of the Commission's text on insiders list.

Proposed changes to the Mifid II Directive

On a general note, the Rapporteur welcomes the elements introduced by the Commission to the Mifid II Directive and in this context recognises the efforts aimed at facilitating the listing of companies.

With the aim of improving on the Commission's proposals, the Rapporteur introduces the idea of regulatory technical standards by ESMA to establish an EU harmonised code of conduct for issuer-sponsored research. Furthermore, in view of reducing the risks of fragmentation of liquidity, the Rapporteur, extends the issuer non-objection requirement concerning the admission to trading of an instrument already admitted on SME Growth Markets, to any trading venue.

Widening of Multiple Voting Structures while safeguarding investors

The Commission's proposal for this Directive is that companies should be able to choose governance structures that best suit their development stage. The Rapporteur agrees with the approach with some proposed adjustments.

Specifically, in order to increase the attractiveness of listing in the EU, the option for multiple

voting structures should not be limited to SME growth markets but expanded to all regulated markets. Furthermore, in order to maintain a high level of trust in the market, the Rapporteur introduces a set of obligatory safeguards including a limited voting ratio and a 10-year (definite time-set) sunset clause.