

6 December 2023

BusinessEurope and EuropeanIssuers statement on Multiple-vote share structures Proposal in view of trilogue negotiations

We remain fully supportive of the objectives of the **Listing Act, which aims to reinforce the attractiveness** of public capital markets within the EU. **Enabling access to private capital within the EU is key to helping European companies** scale up to be more competitive and innovative. Fulfilling the objectives of the Multiple-vote share structures proposal, one of the elements of the Listing Act, can **incentivize smaller and medium-sized companies to become** listed while **retaining control of the business** and enjoying the benefits associated to trading and with this help **strengthening the capital markets union**.

Some facts and figures around listing in the EU

In the EU we see a reduction in initial public offerings (IPOs) and a decrease in the number of listed companies. Listed companies in Europe are less likely to finance themselves on the stock market than in the US where the stock market is three and a half times the size of the European market (EUR 41 trillion versus EUR 12 trillion) and almost three times as deep relative to GDP (227 % versus 81 %).¹

This proposal must remain true to its nature as an enabling tool rather than go down the path of overregulating capital markets in a way that will work counter the original objectives. Not least some of the amendments proposed by the European Parliament trigger concern, because they would deter rather than encourage access to capital through public listing with a multiple-vote share structure. Moreover, none of the proposed measures are supported by any previous impact assessment. This is why we would like to **underline some key considerations** ahead of the upcoming trilogue negotiations:

1. **There is no one-size-fits-all for maximum voting ratios and a maximum percentage of the capital that consists of multiple-vote shares.** Only a few Member States apply maximum voting ratios and, to

¹ [time_to_re-energise_the_eus_capital_markets.pdf \(ecmi.eu\)](#)

our knowledge, no Member State applies a maximum percentage of capital. Imposing maximum voting ratios and percentages would lead to negative consequences in several Member States.

2. **Exclusion, as proposed by the Parliament, of the right to use enhanced voting rights at general shareholders' meetings when the matter has been tabled by a shareholder will have far-reaching negative consequences.** At the moment, shareholders have extensive rights to table matters for shareholders meetings, and resolutions adopted are binding. Therefore, this restriction would have far-reaching consequences and effectively act as a deterrent to listing.
3. **Encouraging Member States to include additional restrictions to multiple-voting shares stands in sharp contrast to the objectives of the proposal.** The restrictions (sunset clauses and inapplicable rights attached to enhanced voting shares at certain types of votes at the general meeting) are not evidence-based and are – to our knowledge – not applied in any EU Member State today. If Member States applied them, it would counter the objectives of the Directive.
4. **Transparency rules as proposed by the European Parliament would be impossible for companies to comply with in practice.** Transparency on holders of multiple-vote share structures traded publicly could affect privacy of the shareholders and cannot go beyond what is known to the company.

If a combination of these overly strict requirements with the extension of the application beyond SME growth markets is in place, it will make it less attractive for companies to go public and could discourage them from remaining public. It also risks disrupting existing structures. It should be left to the member states to determine which safeguards would be most appropriate.

We call on the co-legislators Council and European Parliament to take account of the above considerations in their trilogue negotiations.

Signatories:

BUSINESSEUROPE,
<https://www.buinesseurope.eu/>

EuropeanIssuers,
<https://www.europeanissuers.eu/>