

EFB's position on the Multiple-vote share structure proposal.

EFB supports the aims and objectives of the Listing Act in making public capital markets attractive to EU businesses, especially SMEs. We were encouraged by the European Commission's initial proposal of the multiple vote share structures which seeks to motivate SMEs to list themselves while also allowing companies to keep control of their businesses, which is crucial for family businesses.

However, we feel that as the proposal moved through it's the legislative procedure it was overcomplicated and overreached the proposal's initial aim seeks to motivate SMEs to list themselves while also allowing companies to keep control of their businesses. Certain provisions put forth by the European Parliament are concerning. EFB would like to argue that if the multiple vote share structure proposal is going to be addressed it should look similar to the multiple voting systems in place in the Nordic countries and Italy or it should more closely resemble the Commission's initial proposal of 7 December 2022. Alternatively, in case the aforementioned suggestions are not taken into consideration, we would like to suggest that the following points are considered:

Article 3 of the Multiple-vote share structure proposal notes that it is supposed to be a minimum harmonization directive. As such, requiring all Member States to apply maximum voting ratios and a maximum percentage of capital should not be necessary.

The additional restrictions which Member States are encouraged to implement in the multiple-voting shares are not conducive to reaching the goals outlined in the proposal. The restrictions such as: sunset clauses, annulment of the rights attached to enhanced voting shares at certain types of votes at the general meeting, are not – to our knowledge- currently applied in any EU Member States. Therefore, to encourage Member States to apply these restrictions would be counterproductive to the Directive's goals and would not produce a minimum harmonization Directive which is what the Multiple-voting share structure is intended to be.

The proposal to exclude the right to use enhanced voting rights at general shareholders meetings is problematic. At present, when a company has a matter they can table it in

a shareholders' meeting and then take a decision. However, **if the enhanced voting rights are excluded at general stakeholder meetings**, it is likely to result in companies **not wanting to list** since their ability to table matters and vote on them at shareholders meetings will be impacted as will their ability to adopt binding resolutions.

The transparency rules regarding the holders of multiple-vote share structures traded **publically** can be deemed to be difficult for companies to comply with. This could also affect the privacy of shareholders.

Overall, it is important to remember that one size does not fit all, especially since some Member States already have Multiple voting share systems in place which work well for them. EFB is of the opinion that promoting the multiple voting systems in place in the Nordic countries and Italy as well as going back to the Commission's draft of the proposal without the aforementioned additions, will to a greater extent, encourage companies to list on the SME growth market. Any proposals that are not encouraging companies to do this should be reconsidered. It is crucial that the proposals put forth in the Multiple-vote share structure directive are measured and do not go beyond what is necessary.

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***European Family Businesses (EFB)** is a federation of national family businesses associations. Our aim is to make political decision makers aware of the contribution of family businesses to society at large and to promote policies that are conducive to long term entrepreneurship. Our members represent turnover in excess of one trillion Euro, 10% of European GDP.*