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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. Cion doc.:	16168/22
Subject:	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 - Analysis of the final compromise text with a view to agreement

I. INTRODUCTION

1. On 7 December 2022, the European Commission submitted the above-mentioned proposal[1] to the Council and the European Parliament. The proposed Directive is part of the Listing package, a set of measures to make public capital markets more attractive for EU companies and to facilitate access to capital for small and medium-sized companies (SMEs). The proposal aims at encouraging company owners to list the shares of their company for the first time on SME growth markets using multiple-vote share structures, so that they retain sufficient control of their company after listing, while protecting the rights of shareholders by introducing safeguards.

[1] 16168/22

2. At its meeting of 19 April 2023, under the Swedish Presidency, the Permanent Representatives Committee approved the Council's mandate for negotiations with the European Parliament.[2]

3. The European Parliament's Committee on Economic and Monetary Affairs (ECON) appointed Mr Alfred SANT (S&D, MT) as rapporteur for the proposal. The European Parliament approved its report at the plenary session on 8 November 2023.

4. The opinion[3] of the European Economic and Social Committee was adopted at the plenary session of 23 March 2023.

5. Three trilogues were held on 23 November 2023, 14 December 2023 and 29 January 2024. The Permanent Representatives Committee was debriefed on 29 November 2023, 20 December 2023 and 2 February 2024 respectively.

6. At the last trilogue, the Presidency presented a compromise proposal and the European Parliament agreed to consult internally on this basis. On 1 February 2024, the European Parliament communicated to the Presidency its provisional agreement on the compromise proposal.

7. Six interinstitutional technical meetings have taken place between November 2023 and February 2024. At the last technical meeting, on 2 February 2024, the full compromise text was finalised by co-legislators and the Commission in line with the provisional agreement. It was submitted to the Company Law Working Party on 7 February 2024.

8. The main elements of this compromise text are set out in Section II underneath.

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[2] 8192/23
[3] 8229/23

II. MAIN ELEMENTS OF THE COMPROMISE

A. Scope – Article 1

9. The scope is extended to also include multilateral trading facilities (MTF) not registered as an SME growth market. Article 6(2) of the Directive shall also apply to companies with a multiple-vote share structure and whose shares are already admitted to trading on an MTF.

B. Safeguards – Articles 4 and 5

10. The compromise text maintains all mandatory safeguards of the original Council mandate, which imposes a restriction on the design of multiple-vote share structures. Member States must either set a maximum voting ratio or a restriction for (most of the) qualified majority decisions by the general meeting.

11. Optional safeguards, the so-called sunset clauses, are re-introduced in the operative part of the Directive. A recital refers to the importance of multiple-vote share structures not being used to prevent the company from complying with applicable EU environment or fundamental rights law.

C. Transparency – Article 6

12. Besides the obligation for companies admitted to trading under the Directive to publish information on the company's multiple-vote share structure at the time of admission to trading, the compromise text includes the obligation for companies to publish such information thereafter only in cases where the information has not previously been published or has changed since its last publication.

13. The disclosure of the identity of shareholders holding multiple-vote shares remains as in the Council mandate.

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14. In order to ensure that companies with multiple-vote share structures are identifiable, the European Securities and Markets Authority is tasked with the development of regulatory technical standards on the most appropriate way of marking the shares of such companies.

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D. Review clause – Article 7

15. In combination with the extension of scope in Article 1, the Review clause refers to a future possible extension of scope. A four-year period after the entry into force of the Directive is envisaged for the assessment of the need in question. To that effect by three years after the entry into force of the Directive, Member States shall provide relevant information to the Commission.

E. Transposition – Article 8

16. The two-year deadline after the entry into force of the Directive is maintained.

III. CONCLUSION

17. In light of the above, the Permanent Representatives Committee is invited:

– to give its approval to the compromise text set out in the Annex to this note; and

– to mandate the Presidency to send a letter to inform the Chair of the Committee on Economic and Monetary Affairs (ECON) that, should the European Parliament adopt its position at first reading in accordance with Article 294(3) TFEU and in the exact form set out in the Annex to this Note, subject to legal-linguistic revision, the Council would, in accordance with Article 294(4) TFEU, approve the European Parliament's position and the act would be adopted in the wording which corresponds to the European Parliament's position.

ANNEX

2022/0406 (COD)

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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 *a multilateral trading facility*

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and Article 50(2), point (g) and Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

having regard to the opinion of the European Economic and Social Committee ***of 23 March 2023[4],***

Acting in accordance with the ordinary legislative procedure,

[4] ***OJ C 184, 25.5.2023, p. 103.***

Whereas:

(1) To reinforce the attractiveness of ***listing on trading venues primarily targeted by small and medium-sized enterprises (SMEs), such as SME growth*** markets and ***other multilateral trading facilities, hence increasing their ability to raise funds on such 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***, subject to safeguards established under Union and national law,*** to choose ***capital and*** governance structures that suit best their development stage, including by enabling controlling shareholders [redacted] to retain control of the business after accessing ***MTFs, which include*** SME growth markets, while enjoying the benefits associated to trading on those markets, as long as the rights of [redacted] shareholders ***holding shares with lower voting rights are*** safeguarded.

(2) Fear of losing control over ***the*** company constitutes ***an important deterrent*** for controlling shareholders to access ***a public market, such as an MTF***. 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.

(3) Multiple-vote share structures are ***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. ***They involve*** at least two distinct classes of shares***, each*** with a different number of ***votes per share***. Under such ***structure***, at least one of the classes of shares has a lower ***number of votes per share*** than another class (or classes) of shares with voting rights. ***A*** share carrying ***a higher number*** of votes is a multiple-vote share. ***A multiple-vote share structure in this Directive is not a structure where differences in voting rights are solely determined by different nominal values of shares.***

(4) ***Any*** control enhancing mechanisms ▌ leveraging voting ***rights, other than*** multiple-vote share structures***, such as*** non-voting ▌ shares and ***shares with a veto right on certain decisions, should fall outside the scope of this Directive***.

(5) Loyalty shares ▌ confer ***an additional number of votes on*** a shareholder ▌ holding the share for ***a*** designated time and complying with certain conditions. Loyalty shares are ***thereby a control-enhancing mechanism*** designed to foster a ▌ long-term oriented ownership among shareholders rather than to increase the attractiveness of raising funds from the public. It is therefore not appropriate to include loyalty shares in the scope of this Directive.

(6) There are substantial differences between national provisions on multiple-vote shares ***structures*** across Member States. Some Member States allow multiple-vote share structures, while others ban them. In some Member States, the ban on multiple-vote shares is limited to public companies, while in others it applies to all companies. The differences in national regimes create barriers to the free movement of capital within the internal market ***and*** an uneven playing field for companies in different Member States. Companies in a Member State that bans multiple-vote share structures have to move to another Member State or even outside the Union***, facing higher costs,*** if they ***want to adopt a multiple-vote share structure with a view to seeking*** admission to trading ***of their*** shares ***on the market***. In some cases, because of those higher costs, companies may decide against raising funds from the public, which may limit their funding opportunities. Such considerations are particularly relevant for SMEs and start-ups that lack financial resources to cover those costs.

(7) ***In order*** to allow ***companies*** to seek admission to trading on ***an MTF*** without their controlling shareholders having to relinquish control***, Member States should provide*** companies with ***the possibility to adopt multiple-vote share structures or to modify them in view of seeking admission*** to trading on ***an MTF. Such possibility should not be conditional upon the provision of enhanced economic rights for non*** multiple-vote ▌ shares ▌ .

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(7a) While admission to trading on regulated markets is more suitable for larger and more mature companies, MTFs are generally more appropriate for SMEs. Furthermore, SME growth markets, a sub-category of MTFs, were specifically designed as SME-dedicated trading venues with a regulatory treatment that takes the particularities of SMEs into account. Not all companies with securities listed on MTFs are, however, SMEs. Directive 2014/65/EU of the European Parliament and of the Council[5] 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 MTFs 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. The same is true of all issuers on other MTFs. It is therefore appropriate that the introduction of the right to adopt or modify multiple-vote share structures in view of seeking admission to trading applies to all types of companies listed in Annex II to Directive (EU) 2017/1132 of the European Parliament and of the Council[6] to the extent that they can, under national law, issue shares and seek admission to trading of the shares on an MTF.

(8) Member States should be able to introduce, or maintain in force, national provisions that allow companies to adopt ***or modify multiple-vote share*** structures for purposes other than ▌ admission to trading of shares on ***an MTF***. That includes ***inter alia*** allowing companies to adopt ***or modify a multiple-vote share structure*** when seeking admission ***to*** trading ▌ on a regulated market, or ensuring that private companies can adopt ***or modify multiple-vote share structures without intending*** to request admission to trading of their shares. This ***also includes*** cases whereby companies transfer from an ***MTF*** to a regulated market, while retaining multiple-vote shares. ***Member States should also be able to prohibit or restrict multiple-vote share structures for purposes other than admission to trading of shares on an MTF.***

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5 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).

6 Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (codification) (OJ L 169, 30.6.2017, p. 46).

(9) ***Adopting or modifying a*** multiple-vote share ***structure, with a view to seeking admission to trading, normally requires an amendment of the articles of association. To provide for fair treatment of the shareholders, Member States*** should ***require that a decision to adopt or modify such structure with a view to seeking*** admission ▌ to trading***, as well as a decision later on to modify such a structure in a way that affects the voting rights,*** should ***be subject to a decision by the general meeting by at least a qualified majority as specified under national law. Where there are several classes*** of shares***, such decisions should also be subject to a separate vote in each class of*** shares ***the*** rights ***of which are affected.***

(9a) Companies should have flexibility as to the timing of the adoption or modification of multiple-vote share structures, provided they do so to seek admission to trading on an MTF. Member States should not prevent companies from adopting or modifying multiple-vote share structures before the moment of the admission of the shares to trading. Member States should, however, be able to lay down that the exercise of the enhanced voting rights, which represent additional votes attached to multiple-vote shares compared to votes of shares of other classes, is conditional upon shares of the company being admitted to trading on an MTF. 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 an admission to trading on an MTF.

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(11) ***A multiple-vote share structure might increase the risk that controlling shareholders extract private benefits from the company.*** Member States that ***already*** allow multiple-vote shares provide for safeguards to protect ***the*** shareholders ***holding shares with lower voting rights.*** Existing safeguards vary between Member States due to national specificities and diverging company law systems. ***Notwithstanding this variation and*** having regard to the objectives of the internal market as set out in particular in Article 50(2), point (g) of the Treaty on the Functioning of the European Union, ***the approaches in*** national laws on multiple-vote share structures with respect to the protection of the interests of ▌ shareholders ***holding shares with a lower voting right should be coordinated for companies relying on the right created by this Directive*** to adopt ***or*** modify ***a*** multiple-vote share structure ***for seeking admission to trading on an MTF***.

(11a) Under that coordinated approach, Member States should provide for fair treatment of the shareholders by introducing a restriction on the design of the multiple-vote share structure which sets a maximum ratio of the number of votes attached to multiple-vote shares to the votes attached to shares with the least voting rights. Alternatively, without prejudice to Directive (EU) 2017/1132 of the European Parliament and of the Council, Member States should introduce a restriction for decisions by the general meeting subject to qualified majority of the votes cast, excluding appointment and dismissal of members of the administrative, management and supervisory bodies of the company as well as operational decisions to be taken by such bodies and that are submitted to the general meeting for approval, by requiring that the majority is calculated on the basis of the total number of votes cast and on either the share capital represented at the general meeting or the number of shares represented at the general meeting, or on the basis of the total number of votes cast and on votes cast in each class of shares affected by the decision. For the purposes of this Directive, a class of shares should be considered to be affected by the decision if the decision has a negative impact on the rights of shareholders in that specific class of shares.

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(12) Member States should ***have*** discretion to introduce ***and maintain additional safeguards*** to ensure adequate protection of ***the interest of*** shareholders ***who do not hold multiple-vote shares, such as sunset clauses***. Member States should assess the appropriateness of ***such*** safeguards in light of their effectiveness in protecting the interests of ***those*** shareholders ▌, while ensuring that ***the*** safeguards do not defeat the purpose of multiple-vote share structures, ***inter alia*** the possibility for ***holders of multiple-vote shares*** to influence ***the appointment and dismissal of members of the administrative, management and supervisory bodies of the company and thereby the operational*** decisions ***in the company. When communicating the main measures covered by this Directive, Member States should also inform the Commission of any additional safeguards***, including ***when there are changes. The Commission is to inform ESMA of any additional safeguard***.

(13) 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 ***relying on the right created by this Directive to adopt or modify a*** multiple-vote share ***structure*** to publish ▌ information ***concerning*** their share structure ▌ at the moment of the admission to trading ***on an MTF in a prospectus or an admission document, where the company publishes such a prospectus or document in accordance with relevant law. Member States*** should also ***require companies relying on the right created by this Directive to adopt or modify a multiple-vote share structure with a view to seeking admission to trading on an MTF to publish that information concerning*** their ***share structure in any annual financial report required by law once their shares are admitted to trading in case where the information has not previously been published or has changed since it was last published***.

(13a) The information included in these prospectuses, admission documents or annual financial reports should mention whether there are any limitations on the transferability of shares. 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 shares are separated from the holding of shares. Furthermore, those companies should disclose, to the extent known to the company, the identity of larger holders of multiple-vote shares as well as of persons or legal entities entitled to exercise voting rights on their behalf. For natural persons, the information disclosed on larger holders of multiple-vote shares as well as on persons or legal entities entitled to exercise voting rights on their behalf should be limited to the name. This would allow investors, as members of the general public, to make informed decisions and thereby strengthen their confidence in well-functioning capital markets. When the companies' owners want to retain decision-making powers in the company while raising funds on a public market, information about, inter alia, the larger holders of the multiple-vote shares is necessary for sound investment decisions by potential investors.

(13b) Additionally, in order to promote transparency, public understanding and informed investment decision-making, shares of companies with multiple-vote share structures should be clearly identified. This could be achieved by a marker, for instance, included in the stock name of such companies used by market operators or investment firms operating the MTF. In order to ensure consistent harmonisation, the European Securities and Markets Authority, established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council, should develop draft regulatory technical standards, taking into account established market standards and well-functioning practices. Those standards should only determine the identification of such shares and so should not interfere with national systems of share classification.

(13c) It is also important that the enhanced voting rights attached to multiple-vote shares within the scope of this Directive are not used to prevent the company's compliance with any applicable EU environmental or fundamental rights law.

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(13d) This Directive is without prejudice to the protection of personal data, in particular Regulation (EU) 2016/679 of the European Parliament and of the Council[7].

(14) Since the objectives of this Directive, namely to increase funding options for businesses and make ***MTFs*** 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 ***better*** 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 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.

(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 ***within four*** years following the date of ***entry into force to assess, inter alia, the appropriateness of extending its scope***.

(16) In accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents[8], Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified.

(17) The European Data Protection Supervisor was consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725 of the European Parliament and of the Council[9] and delivered an opinion on ***6 February 2023.***[10]

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7 ***Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data protection Regulation) (OJ L 119, 4.5.2016, p. 1).***

8 OJ C 369, 17.12.2011, p. 14.

9 ***Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such***

HAVE ADOPTED THIS DIRECTIVE:

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Article 1

Subject Matter *and scope*

This Directive lays down common rules on multiple-vote share structures in companies that seek the admission to trading of their shares on ***multilateral trading facilities, which include SME growth markets,*** and that do not have shares already admitted to trading on ***an MTF or a regulated market***.

Article 6(2) of this Directive shall also apply in respect of companies that have a multiple-vote share structure and whose shares are already admitted to trading on an MTF.

Article 2

Definitions

For the purposes of this Directive, the following definitions shall apply:

(a) 'company' means a legal entity incorporated as one of the types of companies listed in Annex ***II*** to Directive (EU) 2017/1132 ***which may under national law issue shares and seek admission to trading of the shares on an MTF***;

(b) 'multiple-vote shares' means shares belonging to a distinct and separate class ▌ that carry ***more votes per share*** than another class of shares with voting rights on matters to be decided at the general meeting ▌ ;

data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

10 ***Summary of the Opinion of the European Data Protection Supervisor 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 2023/C 65/02 (OJ C 65, 22.2.2023, p. 2).***

(c) 'multiple-vote share structure' means the share structure of a company that contains at least one class of multiple-vote shares;

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

(fa) 'multilateral trading facility' or 'MTF' means a multilateral trading facility as defined in Article 4(1), point (22), of Directive 2014/65/EU;

(e) 'SME growth market' means an SME growth market as defined in Article 4(1), point (12) of Directive 2014/65/EU**.**

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Article 4

Adoption *or modification of a* multiple-vote share *structure before admission to trading*

1. Member States shall ensure that ***a company that does*** not have shares that are admitted to trading on a ***regulated market or an MTF has*** the right to adopt ***a*** multiple-vote share ***structure*** for the admission to trading of ***its*** shares on an ***MTF. Member States shall ensure that the company's decision to adopt a multiple-vote share structure is taken by the general meeting by at least a qualified majority as specified in national law. Member States shall not make the adoption of such a structure conditional upon the provision of enhanced economic rights for shares without enhanced voting rights***.

For the purposes of the first subparagraph, where there are several classes of shares, the decision to adopt a multiple-vote share structure shall also be subject to a separate vote in each class of shares the rights of which are affected.

2. The right referred to in paragraph 1 ***shall encompass*** the right to adopt ***a*** multiple-vote share ***structure*** prior to seeking the admission to trading of ***the*** shares on an ***MTF***.

3. Member States may make the exercise of the enhanced voting rights attached to the multiple-vote shares conditional upon ▌ shares ***of the company being admitted to trading on an MTF***.

4. Member States shall ensure that the operator of an MTF does not prevent the admission to trading of shares of a company on the grounds that the company has adopted or modified a multiple-vote share structure in accordance with paragraph 1.

5. This Article shall also apply, mutatis mutandis, in respect of a company that does not have shares that are admitted to trading on a regulated market or an MTF, when that company decides to modify an existing multiple-vote share structure with a view to seeking admission to trading of its shares on an MTF.

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Article 5

Safeguards ▌

1. Member States shall ensure ***that companies with a multiple-vote share structure whose shares are to be traded or are traded on an MTF after relying on the right referred to in Article 4 have appropriate safeguards 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:

(a) ensure that a company's decision to ***modify*** a multiple-vote share structure ***in a way*** that affects ***the*** voting rights ***of shares, is*** taken by the general ▌ meeting ***by at least*** a qualified majority as specified in national law.

▌ For the purposes of this point, ***such a decision*** shall also be subject to a separate vote ***in*** each class of ***shares the*** rights ***of which*** are affected;

(b) limit the ***impact of the*** multiple-vote shares on the ***decision-making process at the*** general ***meeting*** by introducing ***at least one*** of the following:

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

(ii) ***a requirement that decisions by the general meeting subject to qualified majority of the votes cast as specified in national law, excluding 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:***

(1) 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

(2) a qualified majority, as specified in national law, of the votes cast, and are subject to a separate vote in each class of shares the rights of which are affected.

2. Member States may provide for further safeguards to ensure adequate protection of ***the interest of shareholders who do not hold multiple-vote shares***. Those safeguards may include in particular:

(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);

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

(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)**.**

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Article 6

Transparency

1. Member States shall ensure that companies with ***a*** multiple-vote share ***structure*** whose shares are ***to be*** traded or are ▌ traded on an SME growth market ***after relying on the right*** referred to in Article ***4 include the information listed in paragraph 1b of this*** Article ***in*** the following ***documents***:

(a) the prospectus as referred to in Article 6 of Regulation (EU) 2017/1129, the EU Growth issuance prospectus referred to in Article 15a of that Regulation, or the admission document referred to in Article 33(3), point (c), of Directive (EU) 2014/65/EU, whichever the company publishes; and

(b) the annual financial report referred to in Article 78(2), point (g), of Commission Delegated Regulation (EU) 2017/565, in cases where there has been a change to the information referred to in paragraph 1b since that information was last published in the prospectus, the EU Growth issuance prospectus or the admission document referred to in point (a) or the previous annual financial report.

1a. Member States shall ensure that companies with multiple-vote share structures whose shares are to be traded or are traded on an MTF not registered as an SME growth market, after relying on the right referred to in Article 4, include the information listed in paragraph 1b of this Article in the following documents:

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(a) the prospectus as referred to in Article 6 of Regulation (EU) 2017/1129, the EU Growth issuance prospectus referred to in Article 15a of that Regulation, or any admission document required by national law or by the rules of the relevant MTF, in cases where the company publishes such a prospectus or document; and

(b) any annual financial report required by national law, in cases where the information referred to in paragraph 1b has not previously been published, or has changed since that information was last published, in a prospectus, EU Growth issuance prospectus or admission document referred to in point (a) or the previous annual financial report.

1b. The information referred to in paragraph 1 and 1a of this Article is detailed information on the following:

(a) the ***share*** structure of ***the company, with an indication of the different classes of shares, including shares which are not admitted to trading,*** and, for each class of shares, the rights and obligations attached to ***the shares*** and the percentage of total share capital ***or total number of shares*** and total ***number of votes that the shares represent***;

(b) any restrictions on the transfer of ***shares***, including ▌ agreements between shareholders which are known to the company that could result in ***such restrictions***;

▌

(c) any restrictions on voting rights ***of shares***, including ▌ agreements between shareholders which are known to the company that could result in ***such restrictions***;

(e) the identity***, if known to the company, of*** shareholders holding multiple-vote shares ***representing more than 5 % of the voting rights of all shares in the company, and of*** natural ***persons*** or legal ***entities*** entitled to exercise voting rights on behalf of such shareholders, where applicable.

Where the shareholders or the persons entitled to exercise voting rights on their behalf are natural persons, the disclosure of their identity shall require only the disclosure of their names.

▌

2. Member States shall require investment firms and market operators operating an MTF to ensure, by complying with the regulatory technical standards adopted in accordance with paragraph 2a, that the shares of companies with multiple-vote share structures admitted to trading on their MTF are clearly identified as such by those investment firms and market operators. Member States shall also require such companies to inform, in accordance with those regulatory technical standards, the relevant investment firms and market operators about the existence of such structures.

2a. ESMA shall develop draft regulatory technical standards to specify how such investment firms and market operators shall identify shares of companies with multiple-vote share structures. Those standards shall also specify how such companies shall inform the relevant investment firms and market operators about the structures' existence. In developing those regulatory technical standards, which shall pursue the purpose of ensuring clear identification referred to in paragraph 2, ESMA shall take into consideration established market standards and well-functioning practices for identifying companies with multiple-vote share structures.

ESMA shall submit those draft regulatory technical standards to the Commission by ...[12 months after the date of entry into force of this Directive].

Power is delegated to the Commission to supplement this Directive by adopting the regulatory technical standards referred to in this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

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Article 7

Review

By*... [four* years after the entry into force], the Commission shall submit a report to the European Parliament and the Council on the implementation and *effectiveness* of this Directive*, including the appropriateness of extending the scope of the Directive*. To that effect by [*three* years after the entry into force], Member States shall provide the Commission with information in particular on the following:

(a) the number of companies *with multiple-vote shares* admitted to trading *on each MTF and regulated market in the Member State for the period starting on … [two years after the date of entry into force of this Directive] and the number of such companies already admitted to trading on each MTF and regulated market by that date*;

(b) the sector in which the companies referred to in point (a) *were* active and the respective capitalisation at the moment of *the admission to trading*;

(c) *if available to the Member State,* investor protection *safeguards* applied by the companies referred to in point (a) with respect to multiple-vote share structures*.*

Article 8

Transposition

1. Member States shall bring into force the law, regulations and administrative provisions necessary to comply with this Directive by *… [two* 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. *Member States shall determine how* such reference *is to be made*.

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2. Member States shall communicate to the Commission the text of the main ***measures*** of national law which they adopt in the field covered by this Directive***, including any safeguards as referred to in Article 5(2)***.

Article 9

Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Article 10

Addressees

This Directive is addressed to the Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

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