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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Company Law
Subject:	Presentation by the Presidency on the Presidency Flash

Delegations will find attached the Powerpoint presentation on the Presidency Flash regarding the Multiple-vote shares Directive, as it was presented at the Company Law Working Party of 16/11.

Proposal for a Directive on multiple-vote share structures in companies that seek the admission to trading of their shares on an SME growth market

Discussion on Presidency Flash (WK 14958/23)

Company Law WP – 16 November 2023



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Directorate-General
Directorate
Unit

Q1 – What should be the approach regarding the subject matter and scope (article 1) of the MVSS:

- a) Keep the general mandate, limiting the scope to SME growth markets?**
- b) Broaden the scope, in line with the EP position. And if so, to which extent?**

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Q2 – Do you consider acceptable to put safeguard 5.1(a) of the Council Mandate on article 4, as is the case in the EP text?

Q3 – On article 5 (a) of the EP proposal, could you accept to include the safeguard with the maximum voting ratios fixed by the EP (1/2 to 1/12)?

If not, would you accept that safeguard with another voting ratio?

EP mandate: (a) *introduce a maximum voting ratio **raging from one-to-two to one-to-twelve** and a limit on the maximum percentage of the outstanding share capital that the total amount of multiple vote shares can represent.*

Q4 – On article 5(a) of the EP proposal, could you accept to include the second part of the safeguard – with technical fine tuning? In this sense, it should be pointed out that the spirit is quite similar to Article 5(1)(b)(i) in the Council text.

Council Mandate – (i) *a maximum ratio of the number of votes attached to multiple vote shares attached to shares with the least voting rights.*

EP mandate - (a) introduce a maximum voting ratio ranging from one-to-two to one-to-twelve and a *limit on the maximum percentage of the outstanding share capital that the total amount of multiple vote shares can represent.*

Q5 – The safeguard in article 5 (b) the Council mandate includes two alternative conditions (“at least one of the following” reference). By contrast, the EP mandate only includes one possibility set in a mandatory manner. However, the spirit and the wording are almost identical for this second condition.

In relation to this, would you consider acceptable to delete the “alternative” reference included in article 5.1.(b) and to turn it into a “cumulative” one?

Possible wording – (b) limit the impact of the multiple vote shares on the decision-making process at the general meeting by introducing ~~one of~~ the following:

Q6 – The EP mandate establishes a new safeguard (line 50a) to exclude the use of enhanced voting rights attached to multiple vote shares at general meetings in certain situations. In this line, would you consider acceptable to include the EP wording for this safeguard? Otherwise, could you accept alternative solutions –see indicative text below?

(ba) exclude the use of enhanced voting rights attached to multiple-vote shares at general meetings of shareholders during the votes on resolutions tabled by shareholders in accordance with Article 6(1) of Directive 2007/36/EC of the European Parliament and of the Council, ~~in particular on matters related to the impact of the company's operations on human rights and the environment.~~

Q7 – In line 51 of the 4 column-table, the EP and the Council mandate are rather similar. However, there are two aspects that should be discussed:

1. Would Member States accept the obligation to communicate the non-mandatory safeguards to ESMA and to the Commission, as proposed by the EP?
2. Lines 52 to 55 of the EP mandate are deleted in the Council text, which introduces them in recital 12 (line 21). Would Member States find room to reintroduce them in Article 5.2?

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Q8. Would the inclusion of the annual financial report be acceptable for Member States, or should we stick to the General mandate?

Q9 – Could the approach underneath be accepted with regard to Line 62?

Line 62 – (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.

Q10 – Are Member States open to the inclusion of those additions foreseen in the EP mandate in lines 63a and 63b?

Line 63a – 2a. Companies with multiple-vote share structures, the shares of which are traded or are to be traded on a regulated market, an SME growth market, or any other MTF, shall 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 is different from that of traditional companies.

Line 63b – 2b. National competent authorities, regulated markets, SME growth markets and MTFs, shall 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.

Q11 – Would delegations be open to exploring a middle ground on Article 6 (Transposition)?

If so, what would be the transposition period to be included?

In Article 6 (Transposition), the EP set a transposition period of 12 months, instead the two years of the Council Mandate.

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GRACIAS for your feedback!