

The EC's legislative proposal to make public markets more attractive for EU companies and facilitate access to capital for small and medium-sized companies

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### CAPITAL MARKETS UNION Listing Act

Initiative on the Listing Act to facilitating stock exchange listing of EU firms:

- Regulation amending
- (i) Prospectus,
- (ii) Market Abuse Regulations,

(iii) MiFIR

- Directive amending MiFID and repealing Listing Directive
- Directive introducing multiple-vote share structures



#### CAPITAL MARKETS UNION Listing Act

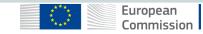
- Listing on stock exchanges helps companies' revenues, job creation, investor base, reduced dependency on bank financing, access to additional funding...
- But number of EU IPOs remains low.
- Listing decision influenced by, inter alia, regulatory environment, costs, burdens...
- Legislative landscape:
  - **Prospectus Regulation:** Information document company seeks (i) admission to trading on a regulated market or (ii) an offer of securities to the public.
  - Market Abuse Regulation aims at preventing market manipulation and insider dealings.
  - MiFID II: regulates inter alia investment research on companies and the structure of stock exchanges.
  - Listing Directive: Old directive became irrelevant.

Listing Act will encourage companies to list and remain listed, while ensuring investor protection and market integrity

# CAPITAL MARKETS UNION

### **Listing Act**

Main amendments to the Prospectus Regulation	Main amendments to the Market abuse Regulation
Extension of <b>exemptions</b> from drawing a prospectus for secondary issuances	Clarify conditions for public disclosure by issuers
Harmonising threshold for small offers of securities to public	Clarify <b>conditions for delay of disclosure</b> of inside information
More <b>streamlined 'standard' prospectus</b> for primary issuances	Clarify the safe-harbour regime for market soundings
A new EU follow-on prospectus for secondary issuance, a new EU Growth issuance document	Simplifying the insider lists for all issuers
<b>Language</b> – prospectus shall be drawn up either in a language accepted by the competent auhtority or language customary in the sphere of internatianal finance	Raising thresholds for managers' transactions
Streamlined <b>prospectus scrutiny</b> by regulators and improving <b>supervisory convergence</b>	Make <b>administrative sanctions</b> for infringements of disclosure requirements more <b>proportionate</b>
Improving equivalence regime for 3rd-country prospectuses	Set up a cross-border order book surveillance mechanism



### CAPITAL MARKETS UNION Listing Act

Amendments to MiFID II	Repealing the Listing Directive
Improve <b>quality</b> of issuer-sponsored research	Most provisions have been replaced by Prospectus Regulation and Transparency Directive
Raising threshold for bundling of execution costs and research	LD uses old concepts such as official listing
Ensuring that a segment of a MTF can qualify as an SME Growth Market	Relevant provisions of the LD (free float requirements and min. market cap) transferred to MiFID II.



#### CAPITAL MARKETS UNION

# **Listing Act**

Directive on multiple vote-shares (pre-IPO)

- Entrepreneurs reluctant to go public due to fear of loss of control after the IPO.
- Multiple-vote share (MVR) structures an effective mechanism to ensure owners can retain control while allowing companies to raise capital on public markets.
- Focus on companies listing for the first time on a SME growth market.
- Main features of the proposal :
  - Minimum harmonisation Directive
  - MS to ensure that companies may adopt a MVR structure when seeking listing on a SME growth market
  - Minimum mandatory safeguards to ensure fair and non dicriminatory treatment of shareholders and additional optional safeguards
  - Transparency requirements on the MVR structure







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