



# 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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# 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

## 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

# Listing Act

Main amendments to the <b>Prospectus Regulation</b>	Main amendments to the <b>Market abuse Regulation</b>
Extension of <b>exemptions</b> from drawing a prospectus for secondary issuances	Clarify <b>conditions for public disclosure</b> by issuers
<b>Harmonising threshold</b> 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 <b>safe-harbour regime</b> for market soundings
A new EU <b>follow-on prospectus</b> for secondary issuance, a new EU Growth <b>issuance document</b>	<b>Simplifying the insider lists</b> for all issuers
<b>Language</b> – prospectus shall be drawn up either in a language accepted by the competent authority or language customary in the sphere of international finance	Raising thresholds for <b>managers’ transactions</b>
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 <b>equivalence regime</b> for 3rd-country prospectuses	Set up a cross-border order book <b>surveillance mechanism</b>

# 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
<b>Raising threshold for bundling</b> of execution costs and research	LD uses old concepts such as official listing
Ensuring that a segment of a MTF can <b>qualify as an SME Growth Market</b>	Relevant provisions of the LD (free float requirements and min. market cap) transferred to MiFID II.

# 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 discriminatory treatment of shareholders** and additional optional safeguards
  - **Transparency requirements** on the MVR structure

# Thank you!



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