

EU Listing Act–

A package of proposals to make public capital markets more attractive for EU companies and facilitating access to capital for SMEs

POLICY BRIEF

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BACKGROUND TO THE LISTING ACT

The Listing Act includes a package of proposals that are part of a list of measures introduced to further develop the EU's Capital Markets Union (CMU). The European Commission recognises that there is an access to finance gap for companies, especially SMEs, that are not listed on stock exchanges. The EU capital markets remain fragmented, and many companies abandon the idea of being listed due to the exorbitant number of requirements required to list a company on public markets.

EU companies are required to continuously invest in their business to remain competitive, with the green and digital transition for instance being one of the ongoing priorities. It is thus crucial for European companies to have viable alternatives to access finance to ensure their long-term survival.

The Listing Act package aims to provide European companies with a variety of financing options that can be claimed against reasonable terms. Presently, the EU market is dominated by debt finance from banks as opposed to capital market financing. The reinforcement of the EU's Capital Markets Union aims to rectify this by providing companies with simplified access to different funding streams.



THE ELEMENTS OF THE LISTING PACKAGE

The Listing package includes:

- a Regulation amending the Prospectus Regulation, Market Abuse Regulation, and the Markets in Financial Instruments Regulation;
- a Directive amending the Markets in Financial Instruments Directive and repealing the Listing Directive; and
- a Directive on multiple-vote shares.

THE PROPOSED AMENDMENTS

The Listing package aims to:

- Simplify the amount of documentation that companies need to list on public markets, as well as simplify the scrutiny processes by national supervisors. These changes aim to make the process quicker and cheaper for companies to undergo the listing process.
- Simplify and clarify some market abuse requirements in a way that does not compromise market integrity.
- Encourage more investment research on midcaps and SMEs in supporting SMEs' listing on public markets.
- Allow company owners to list on SME growth markets using multiple vote share structures, so that they can retain sufficient control of their company after listing. This is meant to be executed in a way that still protects the shareholders' interest.

THE BENEFITS TO COMPANIES AS HIGHLIGHTED BY THE EUROPEAN COMMISSION

The European Commission claims that EU companies are set to benefit from:

- Simpler prospectus rules that are set to save EU companies an estimated €67 million per year.
- More streamlined rules that will also save companies an approximately €100 million per year from lower compliance costs.
- Changes in the multiple-voting right shares that can increase the number of Initial Public Offerings by 20%.
- SMEs specifically, are set to benefit through more visibility to investors and a more proportionate sanctioning regime.

CONCLUSION

The overall objective of the Listing Act Package proposal is to introduce a set of adjustments at EU level that reduce regulatory and compliance costs for companies seeking to list as well as those that are already listed. This is to be executed by streamlining the listing process and enhancing legal clarity, while ensuring an appropriate level of investor protection and market integrity. This, in turn, is expected to help diversify funding sources for companies in the EU and increase investments, economic growth, job creation and innovation in the EU.

The full texts of the Commission proposals may be accessed here:

- [Text of the 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](#)
- [Text of the proposal for a Directive amending Directive 2014/65/EU to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises and repealing Directive 2001/34/EC](#)
- [Text of the proposal for a Regulation amending Regulations \(EU\) 2017/1129, \(EU\) No 596/2014 and \(EU\) No 600/2014 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises](#)

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