

Newsflash | October 2024

## New Era for SMEs Public Financing: EU Council signals the kick-off!



On 8 October, the EU Council adopted the legislation package reforming the EU capital markets laws (the **Listing Act**) and the directive on the multiple-vote shares scheme (the **Multiple Vote Shares Scheme**) to streamline EU capital markets processes. The legislative package reforms EU capital markets legislation and introduces significant changes that are expected to simplify the listing process, reduce regulatory obligations and costs, and make EU capital markets more accessible and attractive to issuers, in particular SMEs, while maintaining the same level of investor protection.

The Listing Act reforms key EU capital markets legislation, including the Prospectus Regulation, the Market Abuse

Regulation and the Markets in Financial Instruments Regulation and Directive, and is directly applicable in all Member States. The Multiple Vote Shares Scheme allows incumbent shareholders of SMEs to retain control of their company by having more votes per share after an IPO and subsequent “inflow” of new shareholders, while simultaneously protecting the rights of new shareholders through various restrictions.

Both initiatives aim to make EU capital markets more attractive to issuers, in particular SMEs, whose financing options are largely limited to bank financing. Cost and regulatory burdens have been the main factors keeping public money out, and

many SME founders have been deterred from taking the public plunge for fear of losing control of their business. These measures aim to usher in a new era of accessible and simplified EU capital markets for SME issuers, without compromising investor protection.

Drivers such as easing inflation and lowering interest rates could pave the way for new listings and stimulate activity in sectors sensitive to borrowing costs. Luxembourg being traditionally a first-mover and business-friendly jurisdiction, we would expect that the national legislator implements these texts well before the mandatory deadlines (which is 18 months for Markets in Financial Instruments Directive and 24 months for Multiple Vote Shares Scheme, while changes in Prospectus Regulation, the Market Abuse Regulation and the Markets in Financial Instruments Regulation shall be directly applicable for all Member States).

## Your contact persons



**Bob Scharfe**  
Avocat à la Cour, Partner  
Luther S.A. Luxembourg  
T +352 27484 1  
[bob.scharfe@luther-lawfirm.com](mailto:bob.scharfe@luther-lawfirm.com)



**Georgios Patsinaridis**  
Jurist, Managing Associate  
Luther S.A. Luxembourg  
T +352 661850999  
[georgios.patsinaridis@luther-lawfirm.com](mailto:georgios.patsinaridis@luther-lawfirm.com)

