

Italy Approves New Legislation to Support Listings on Euronext Milan

The legislation aims to enhance the competitiveness of the Italian capital markets by introducing various reforms regarding the listing process and corporate governance.

Key Reforms:

- The submission of a slate by the outgoing board is now governed by law.
- The capitalisation threshold to qualify as a small- and medium-sized enterprise (SME) has been raised from €500 million to €1 billion.
- Ordinary shares can now have up to 10 voting rights, instead of only two, accrued after a 10-year period of uninterrupted ownership.
- Multiple voting shares can now have up to 10 voting rights, instead of only three.
- The timeline for prospectus approval has been reduced.
- Listed companies may now hold all shareholders' meetings remotely and exclusively with proxy holders.

Listings on Euronext Milan are supported by Bill n. 674 approved on February 27, 2024, by the Italian Parliament. The various measures within the new legislation aim to support the process of listing on Euronext Milan.

The Submission of a Slate by the Outgoing Board Is Now Governed by Law

A two-thirds majority of the outgoing board of directors is now required to approve the slate. The number of candidates must be equal to the necessary number of members to be elected increased by one third, and the seats on the board shall be distributed proportionally to the minority slates.

In particular, if the minority slates obtain more than 20% (with a 3% threshold) of the total number of the votes casted, the members of the new board shall be allocated proportionally to the votes obtained by such slates. However, if the number of votes received by the minority slates falls below 20%, the seats shall be allocated proportionally; in any case, for a total amount not exceeding 20% of the total number of board members.

Higher Capitalisation Threshold to Qualify as an SME

In line with recommendations in the context of the EU's initiative to create a single market for capital across the EU (the Capital Markets Union), the new legislation raises the maximum capitalisation threshold in Italy from €500 million to €1 billion. Companies with a market cap below €1 billion now qualify as an SME, meaning that such companies will benefit from the higher thresholds triggering:

- **the notification of major shareholdings to the Italian Market Authority:** 5% for SMEs (3% for other listed companies not qualifying as SME); and
- **a mandatory tender offer:** between 25% and 40% pursuant to an SME's by-laws.

Increased Votes for Loyal Shareholders' Ordinary Shares

After at least two years of continued ownership, the votes per ordinary share can now gradually increase year-on-year from two to 10 votes, along with the duration of the ownership period. The possibility to increase votes up to a maximum of 10 votes per share will then be diluted over a period of 10 years.

Increased Votes for Multiple Voting Shares

The increase from three to 10 multiple voting rights would only apply to new listings and is intended to enhance the flexibility of the Italian corporate governance system.

Reduced Timeline for Prospectus Approval

The time limit for the approval of the prospectus by the Italian market authority will now run from the date the company first filed the prospectus in draft form, instead of the date on which the prospectus is complete. This approach will expedite the review process and provide higher certainty on the approval timing.

Listed Companies May Now Hold All Shareholders' Meetings Remotely and Exclusively With Proxy Holders

Listed companies can now decide to hold their shareholders' meetings remotely. Companies may request the shareholders to attend such meetings through a proxy arrangement with a proxy holder.

However, companies must amend their by-laws in order to include this option. For more information on this change, read our [Italian-language Client Alert](#).

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