



Dual class share structures with differentiated voting rights a Swedish perspective

The below highlights briefly why the Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv) strongly believes that dual class share structures with differentiated voting rights (DCS) is an important and valuable feature of the Swedish stock market.

- Sweden has a **well-performing stock market**. DCS structures have been an **important feature** of the Swedish stock market for hundred years, contributing to the success of Swedish companies and the well-performing market. Companies with DCS structures represent more than **70 per cent of the aggregate market capitalization** of main market listed companies in Sweden.¹
- A DCS structure is a governance mechanism which facilitates **long-term investing and shareholder engagement**. This gives DCS companies a solid basis for acting with a **long-term agenda** with a **stable, long-term investor base**, while at the same time attracting a **broad range of investors** looking for high liquidity, high quality investments.
- The **flexibility** offered by a system where DCS structures are allowed enables companies and investors to create an investor structure appropriate for each specific company.
- Investors holding shares without multiple voting rights are afforded **solid protection under Swedish corporate law**, including: (i) a strong principle of equal and fair treatment of shareholders, (ii) qualified majority requirements for key material shareholder decisions, (iii) high degree of transparency, (iv) shareholder pre-emption rights on share issues, and (v) minority powers to take specific action, including to request minimum dividends, minority auditors and special examiners.
- A sound stock market must build on **predictability and on respect for agreed structures**. Swedish-style DCS structures are well known through transparent disclosures and long-term stable market practice.
- Available empirical evidence does not support the line of argument that DCS structures damage company value and hence does **not support hindering DCS structures**.

¹ The total number of listed companies utilizing DCS structures has varied significantly over time but has for the last seventy years not been lower than 40 percent of the total number of listed companies on the Stockholm Stock Exchange (see Skog & Lidman, *London allowing dual class Premium listings: A Swedish commentary*, ECGI, Law Working Paper No 580/2021)