

## **Multiple voting shares in a public company**

### **SUMMARY**

Occurrence of multiple voting shares in public companies does not necessarily need to be recognised as a positive phenomenon. Based on such an assumption some Western European regulations have resulted in excluding or, at least, restricting the possibility of issuing multiple voting shares. Polish legislator has adopted a solution under which the maximum number of votes that may be given to a preference share issued by a joint stock company (a non-public entity) is two votes per share. However, with respect to public companies the regulators use a misguided wording stating that “preference as to vote shall not apply to the public company”. In the doctrine we may find differences in interpretation of the presently binding regulations governing the subject matter discussed in this paper. It is pointed out that the said article 351 § 2 sentence 2 of the (Polish) Commercial Companies Code may be understood ambiguously. The use of multiple voting shares in public companies is related, inter alia, to a change in the legal status, but also to an actual state of affairs which involves a non-public (private) entity obtaining the status of a public company.

This paper presents theoretical and legal discussion related to multiple voting shares in public companies. The objective is to familiarise the reader with the subject, starting with the problem of multiple voting shares as stipulated by the already expired legislation and ending with a company going public and consequences of the process, in respect of shares preferred as to the voting right.

**KEYWORDS:** capital market, public company, multiple voting shares