



NEW OPPORTUNITIES FOR FOREIGN SHAREHOLDERS TO VOTE AT GENERAL MEETINGS OF DANISH LISTED COMPANIES

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Introduction

The Danish Parliament has passed new legislation on increased opportunities for foreign shareholders to vote at general meetings of Danish listed companies through nominees, thus promoting active ownership. The new legislation also abolishes the requirement to submit a declaration of reciprocity when establishing Danish branches of capital companies domiciled outside the EU or EEA.

Better framework for active ownership for foreign shareholders in Danish listed companies

Pursuant to the Danish Companies Act, shareholders have the right to attend the general meeting by proxy, and the proxy must present a written and dated proxy that must be issued by the shareholder in question.

If a foreign shareholder owns shares in a Danish listed company, it is typically not the shareholder's name that appears in the owner's register, but instead a nominee is listed as a shareholder in the owner's register. As the nominee is not the shareholder, the nominee is not entitled to vote unless an unbroken chain of proxies is established through the chain of intermediaries.

This is changed by the new legislation to the effect that a nominee who in a business context act on behalf of other natural or legal persons (clients) is designated nominee and has the right to exercise voting rights on behalf of the clients in connection with shares that are not owned by the nominee, but which is registered in the owner's register in the nominee's name. The nominee guarantees and, at the request of the company, is obliged to document as soon as possible that the nominee exercises the voting rights according to express authorization and instructions.

There is no change in the underlying relationship between the owner of the share and the nominee, including the agreements between the financial intermediaries in this chain. The nominee is legitimized by the company to vote, but the nominee is responsible for ensuring that the authorization and instructions from the owner of the share remain.

The right of listed companies to identify shareholders is not affected. The same applies to stock exchange law rules on flagging and takeover bids, etc.

Abolition of the requirement of reciprocity declaration when setting up branches of capital companies domiciled outside an EU or EEA country

It has so far been a requirement when establishing Danish branches of capital companies domiciled outside the EU and EEA countries, that an official certificate from the company's home country must be attached. The certificate must document that a Danish company with the same purpose as the notified branch may conduct business in that country through a branch (declaration of reciprocity).

The new legislation amends this requirement to the effect that companies not domiciled in an EU or EEA country must have the same access to establish a branch in Denmark as companies domiciled in EU or EEA countries, i.e., without having to document reciprocity.

The amendment thus removes the requirement of reciprocity.

Our Comments

The new legislation will increase the focus on and possibility of exercising active ownership by shareholders of listed companies. Further, it will be easier to establish Danish branches of foreign capital companies.

If you have any questions or require further information regarding any of the above, please do not hesitate to contact us:



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