

Controlling-Enhancing Mechanisms: Loyalty Shares and Multiple-Voting Shares in Italy

Ettore Croci*[†]

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Abstract

This set of tables is prepared for presentation at the ECGI Roundtable on Loyalty Shares. In the tables, I analyze the introduction of loyalty shares and multiple voting shares in Italy. Loyalty shares, a control-enhancing mechanism (CEM) that attributes long-term holders increased voting rights, and multiple voting shares have been adopted by 37 listed companies between 2015 and May 2018. The empirical analysis shows that family firms are the most likely (and almost only) users of these new CEMs. While aggregate institutional investor ownership does not discourage the introduction of loyalty shares and multiple voting shares, directors nominated from minority lists decrease the probability of their adoption. This suggests that the Italian system already offers minority shareholders an effective instrument against these new CEMs. There is a negative reaction around the day of the announcement of the Law that allowed loyalty shares in 2014, which is consistent with the view that CEMs strengthen the position of the controlling shareholders vis-à-vis minority investors. However, this reaction is not correlated with their adoption at firm level, and the average stock price reaction is positive when firms announce loyalty shares. Looking at ownership-diluting events like acquisitions and seasoned equity offerings, there is no supporting evidence that loyalty shares are introduced to preserve family control in times of external growth or financing. Finally, loyalty shares are negatively associated with the probability to receive a takeover offer as well as delistings.

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*Università Cattolica del Sacro Cuore, Largo Gemelli 1, 20123 Milan, Italy, e-mail: ettore.croci@unicatt.it, Phone +39-02-72343012

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A Appendix A: Variable Definitions

The table presents the variable definition. Variables are from ThomsonReuters' Worldscope database when not otherwise indicated.

Variable	Definition
Loyalty/MVS	Binary variables that takes value 1 if the firm adopts loyalty shares (or multiple voting shares). Data are from the CONSOB website
Total Assets	Total assets of the firm.
Sales	Net sales of the firm.
Market Cap	Market capitalization of the equity of the firm
Employees	Number of employees of the firm
Leverage	The ratio between total debt and total assets
Dividends	The ratio between total cash dividend paid and total assets
Capex	The capital expenditures of the firm, scaled by total assets
MB	The ratio between market capitalization and common equity
Tobin's Q	The ratio between market capitalization plus total debt and total assets
Cash Reserves	The firm's cash reserves, scaled by total assets
ROE	Net income divided common equity
ROA	EBITDA divided total assets
Dividend Dummy	Binary variables that takes value 1 if the firm pays a cash dividend in the year
Investment Advisors & HF	Percentage of shares held by investment advisors and hedge funds. Data are from ThomsonReuters' Eikon database
Pension Funds	Percentage of shares held by pension funds. Data are from ThomsonReuters' Eikon database
Banks	Percentage of shares held by Banks. Data are from ThomsonReuters' Eikon database
Foreign Ownership	Percentage of shares held by Banks. Data are from ThomsonReuters' Eikon database
Family Control Dummy	Binary variables that takes value 1 if the largest shareholder of the company is a family
Ownership Largest Shareholder	Percentage of shares held by the largest shareholder of the company. Data is from the Consob website
Gender	Percentage of female directors. Data are from Rapporto Assonime sulla Corporate Governance delle Società Quotate
Independence	Percentage of independent directors. Data are from Rapporto Assonime sulla Corporate Governance delle Società Quotate
CEO Duality	Binary variable that takes value one if the CEO is also Chairman of the Board. Data are from Rapporto Assonime sulla Corporate Governance delle Società Quotate
Directors from Minority List	Percentage of directors elected from a list presented by minority investors. Data are from Rapporto Assonime sulla Corporate Governance delle Società Quotate
Board Size	Size of the board. Data are from Rapporto Assonime sulla Corporate Governance delle Società Quotate

Table 1: Loyalty and Multiple Voting Shares in Italy

Panel A reports the occurrences of loyalty and MVS shares in Italy. Panels B and C show the breakdown of loyalty and MVS shares by year and by market segment, respectively.

<i>Panel A: Loyalty and MV Shares</i>	
Loyalty Shares	35
Multiple Voting Shares	2
Total	37
<i>Panel B: Loyalty and MV Shares by AGM Year</i>	
2015	19
2016	8
2017	10
2018	0
Total	37
<i>Panel C: Loyalty and MV Shares by Market Segment</i>	
FTSE Italia Micro Cap	1
FTSE Italia Small Cap	19
FTSE Italia Mid Cap	16
FTSE MIB	1
Total	37

Table 2: Loyalty and Multiple Voting Shares in Italy

The table reports summary statistics for the sample of firms that adopted loyalty shares and multiple voting shares (*Loyalty*), firms that have not adopted them (*No Loyalty*), and the full sample. Variable definitions are provided in Appendix A. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	Loyalty			No Loyalty			Total			Differences L vs. NL	
	Mean	Median	N	Mean	Median	N	Mean	Median	N	Mean	Median
<i>Financial Variables</i>											
Total Assets (€m)	1303.376	544.358	143	14082.9500	374.1990	996	12478.4900	401.3150	1139	12779.6**	27.116*
Sales (€m)	853.2643	464.546	143	3174.6670	171.9105	1000	2884.2380	199.8560	1143	2321.4*	27.9455***
Market Cap (€m)	914.9476	323.6775	138	1967.1080	158.0085	988	1838.1570	174.2480	1126	1052.2*	16.2395***
Employees	3200.81	1977	116	9374.2970	1148.5000	680	8474.6430	1295.0000	796	6173.5**	146.5***
Leverage	0.2577	0.2566	142	0.2799	0.2627	987	0.2771	0.2610	1129	0.0222	-0.0017
Dividends	0.0196	0.0085	143	0.0108	0.0013	970	0.0120	0.0020	1113	-0.00873***	0.0006***
Capex	0.0289	0.0217	141	0.0294	0.0164	922	0.0293	0.0172	1063	0.000473	0.0009***
MB	2.5079	1.5739	134	2.3301	1.3958	905	2.3530	1.4376	1039	-0.178	0.0418
Tobin's Q	1.5107	1.1996	134	1.4378	1.1217	934	1.4469	1.1303	1068	-0.0729	0.0086
Cash Reserves	0.1401	0.1235	143	0.1353	0.1016	894	0.1360	0.1051	1037	-0.00482	0.0036***
ROE	0.0831	0.0889	143	-0.0269	0.0532	1002	-0.0132	0.0589	1145	-0.110*	0.0058***
ROA	0.0930	0.0908	143	0.0631	0.0731	953	0.0670	0.0744	1096	-0.0299**	0.0013**
Dividend Dummy	0.6713	1.0000	143	0.5767	1.0000	978	0.5888	1.0000	1121	-0.0946*	0
<i>Ownership Variables</i>											
Investment Advisors & HF	4.9369	3.1322	148	4.0675	1.2661	1156	4.1662	1.5550	1304	-0.869	0.2889***
Pension Funds	0.2316	0.0000	148	0.2398	0.0000	1156	0.2389	0.0000	1304	0.00817	0***
Banks	0.1536	0.0201	148	0.1781	0.0000	1156	0.1753	0.0000	1304	0.0245	0***
Non Italian Ownership	14.4988	12.3257	148	13.6976	4.5921	1156	13.7885	5.3687	1304	-0.801	0.7766***
Family Control Dummy	0.9058	1.0000	138	0.5611	1.0000	777	0.6131	1.0000	915	-0.345***	0
Ownership Largest Shareholder	53.1969	53.1570	138	47.4193	51.2040	777	48.2907	51.3920	915	-5.778**	0.1880*
<i>Board Variables</i>											
Gender	0.2662	0.2727	100	0.2702	0.2667	568	0.2696	0.2697	668	0.00399	0.003
Independence	0.4115	0.4000	100	0.4240	0.4286	568	0.4221	0.4286	668	0.0125	0**
CEO Duality	0.3300	0.0000	100	0.2377	0.0000	568	0.2515	0.0000	668	-0.0923*	0*
Directors from Minority List	0.0297	0.0000	100	0.0821	0.0000	568	0.0742	0.0000	668	0.0524***	0***
Board Size	10.2800	10.0000	100	10.0053	9.0000	568	10.0464	9.0000	668	-0.275	0**

Table 3: Likelihood to adopt Loyalty and MV shares within 3 years

The table reports odds ratios of logit model estimates for the likelihood to adopt either loyalty shares or multiple voting shares by the end of 2017. Data for the cross-section of listed firms are at the end of 2014. Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Robust standard errors are presented in parentheses. The symbols ***,**, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Family	7.8592*** (5.4378)	7.2560*** (4.8619)	7.2168*** (4.6431)	7.4684*** (4.9977)		5.6242** (3.9300)
Ln(Mkt Cap.)	1.0372 (0.1033)	0.9143 (0.1059)	0.8824 (0.1188)	0.8748 (0.1217)	0.8634 (0.1079)	0.8228 (0.1426)
Financial Dummy	0.6854 (0.4808)	1.1911 (0.7794)	1.1645 (0.8148)	1.1210 (0.7936)	0.8946 (0.6189)	0.8366 (0.6844)
Leverage		0.2899 (0.3190)	0.3063 (0.3382)	0.3061 (0.3351)	0.3585 (0.4071)	0.1517 (0.1863)
MB		0.9794 (0.0957)	0.9797 (0.0967)	0.9763 (0.0990)	0.9757 (0.0891)	0.9649 (0.1020)
ROA		2.5042 (5.5638)	2.1725 (5.0462)	2.0727 (4.6638)	4.2445 (10.2676)	1.8063 (4.2322)
Dividend Dummy		1.7560 (0.8366)	1.7904 (0.8605)	1.8225 (0.8639)	1.4783 (0.6622)	2.3260 (1.2757)
Cash Holdings		1.9149 (2.7952)	1.9654 (2.8583)	1.7489 (2.5434)	3.3823 (4.7911)	2.5272 (3.9493)
Own. Largest Shar.			1.0025 (0.0153)	1.0031 (0.0154)	1.0182 (0.0122)	1.0064 (0.0167)
Investment Adv./HF			1.0231 (0.0508)	1.0136 (0.0557)	1.0272 (0.0531)	0.9966 (0.0639)
Foreign Ownership				1.0069 (0.0131)	0.9997 (0.0110)	1.0003 (0.0131)
Gender						5.1477 (12.5199)
Independent						9.7141* (11.6002)
CEO Duality						1.5176 (0.7085)
Directors from ML						0.0004** (0.0017)
Board Size						1.1330 (0.1122)
Number of Obs.	230	190	190	190	190	188
Pseudo R2	0.102	0.104	0.106	0.107	0.035	0.166

Table 4: **Determinants of the Adoption of Loyalty Shares**

The table reports odds ratios from Cox's proportional hazards model for the adoption of either loyalty shares or multiple voting shares in year $t + 1$ in the period 2014-2017. Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Standard errors are presented in parentheses and clustered at firm level. The symbols ***,**, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Family	5.7226*** (3.6892)	5.0025*** (3.0096)	4.8881*** (2.7788)	5.0824*** (3.0588)		3.5119** (2.1541)
Ln(Mkt Cap.)	1.0372 (0.0744)	0.9658 (0.0840)	0.9824 (0.0942)	0.9721 (0.0962)	0.9208 (0.0928)	0.9288 (0.1156)
Financial Dummy	0.6172 (0.3744)	1.0283 (0.4912)	1.0843 (0.5329)	1.0692 (0.5178)	0.8628 (0.4541)	0.9633 (0.5076)
Leverage		0.4859 (0.4492)	0.4951 (0.4503)	0.4951 (0.4476)	0.5328 (0.5028)	0.3521 (0.3474)
MB		0.9303 (0.0698)	0.9318 (0.0683)	0.9296 (0.0689)	0.9444 (0.0573)	0.9566 (0.0555)
ROA		1.0821 (2.4728)	1.0987 (2.5669)	1.1175 (2.5457)	1.4800 (3.4322)	0.7133 (1.5562)
Dividend Dummy		1.3359 (0.5456)	1.3278 (0.5475)	1.3641 (0.5518)	1.2610 (0.5102)	1.5780 (0.7121)
Cash Holdings		1.1921 (1.5178)	1.1507 (1.4516)	1.1225 (1.4141)	1.8882 (2.1491)	0.8902 (1.1896)
Own. Largest Shar.			1.0020 (0.0099)	1.0022 (0.0099)	1.0121 (0.0092)	1.0022 (0.0112)
Investment Adv./HF			0.9906 (0.0364)	0.9841 (0.0400)	1.0047 (0.0402)	0.9787 (0.0427)
Foreign Ownership				1.0052 (0.0093)	0.9989 (0.0080)	1.0030 (0.0094)
Gender						0.0590* (0.0955)
Independent						4.2147 (3.7852)
CEO Duality						1.3623 (0.4826)
Directors from ML						0.0008** (0.0024)
Board Size						1.1207 (0.0846)
Number of observations	916	736	736	736	736	561

Table 5: **Determinants of the Adoption of Loyalty Shares - No 2018**

The table reports odds ratios from Cox's proportional hazards model for the adoption of either loyalty shares or multiple voting shares in year $t + 1$ in the period 2014-2016. Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Standard errors are presented in parentheses and clustered at firm level. The symbols ***,**, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Family	5.9793*** (3.9332)	5.1153*** (3.1103)	4.9769*** (2.8545)	5.1208*** (3.0767)		3.5119** (2.1541)
Ln(Mkt Cap.)	1.0635 (0.0770)	1.0058 (0.0838)	1.0233 (0.0958)	1.0157 (0.0977)	0.9685 (0.0955)	0.9288 (0.1156)
Financial Dummy	0.6573 (0.4073)	1.0509 (0.5083)	1.1211 (0.5658)	1.1082 (0.5505)	0.8912 (0.4854)	0.9633 (0.5076)
Leverage		0.4489 (0.3951)	0.4608 (0.3981)	0.4564 (0.3942)	0.4907 (0.4514)	0.3521 (0.3474)
MB		0.9555 (0.0636)	0.9556 (0.0619)	0.9521 (0.0646)	0.9590 (0.0551)	0.9566 (0.0555)
ROA		1.0806 (2.4444)	1.0999 (2.5900)	1.1255 (2.5990)	1.6225 (3.8824)	0.7133 (1.5562)
Dividend Dummy		1.4028 (0.5999)	1.3883 (0.5986)	1.4086 (0.5946)	1.2501 (0.5233)	1.5780 (0.7121)
Cash Holdings		1.3005 (1.6066)	1.2653 (1.5408)	1.2591 (1.5324)	2.1949 (2.4899)	0.8902 (1.1896)
Own. Largest Shar.			1.0024 (0.0105)	1.0026 (0.0105)	1.0121 (0.0093)	1.0022 (0.0112)
Investment Adv./HF			0.9914 (0.0363)	0.9861 (0.0402)	1.0056 (0.0397)	0.9787 (0.0427)
Foreign Ownership				1.0042 (0.0096)	0.9982 (0.0081)	1.0030 (0.0094)
Gender						0.0590* (0.0955)
Independent						4.2147 (3.7852)
CEO Duality						1.3623 (0.4826)
Directors from ML						0.0008** (0.0024)
Board Size						1.1207 (0.0846)
Number of observations	687	571	571	571	571	561

Table 6: **Stock Price Reactions**

In Panel A, the table reports the cumulative abnormal returns around the announcement of: 1) the so-called *Decreto Sviluppo* on 19 June 2014; 2) the vote on the introduction of the loyalty/multiple voting shares; 3) the adoption of the loyalty/multiple voting shares after the vote in the general meeting. Panel B reports odds ratios of logit model estimates for the likelihood to adopt either loyalty shares or multiple voting shares by the end of 2017. Data for the cross-section of listed firms are at the end of 2014. Control variables are the same as in Table 3 Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Robust standard errors are presented in parentheses. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

Panel A: CARs			
	Decreto Sviluppo	Announcement	General Meeting
CAR (- 2, 2)	-0.0235*** (0.0026)	0.0146* (0.0075)	-0.0099 (0.0076)
Number of observations	265	30	34

Panel B: Do CARs explain Loyalty shares' introduction?						
	(1)	(2)	(3)	(4)	(5)	(6)
CAR <i>Decreto Sviluppo</i>	0.0057 (0.0248)	0.0049 (0.0256)	0.0008 (0.0046)	0.0006 (0.0037)	0.0008 (0.0045)	0.0027 (0.0155)
Family		7.1386*** (4.9379)	6.5540*** (4.4282)	6.6019*** (4.3214)	6.7508*** (4.5440)	5.2568** (3.7105)
Ln(Mkt Cap.)		1.0678 (0.1083)	0.9619 (0.1176)	0.9212 (0.1316)	0.9137 (0.1339)	0.8679 (0.1560)
Financial Dummy		0.6594 (0.4655)	1.1522 (0.7778)	1.1071 (0.8120)	1.0752 (0.7955)	0.8097 (0.6843)
Own. Largest Shar.				1.0016 (0.0149)	1.0020 (0.0150)	1.0047 (0.0162)
Investment Adv./HF				1.0287 (0.0526)	1.0216 (0.0564)	1.0039 (0.0638)
Foreign Ownership					1.0051 (0.0123)	0.9981 (0.0129)
Gender						5.4003 (13.2422)
Independent						9.7426* (11.8248)
CEO Duality						1.5166 (0.7047)
Directors from ML						0.0005** (0.0019)
Board Size						1.1167 (0.1094)
Firm-level Controls	Yes	Yes	Yes	Yes	Yes	Yes
Number of observations	265	225	186	186	186	184
Adjusted R2	0.007	0.102	0.107	0.109	0.110	0.166

Table 7: Institutional Investors and Loyalty Shares

The table reports coefficient estimates of OLS and firm fixed effects panel data regressions where the dependent variable is the ownership stake of investment advisors and hedge funds in the period 2015-2018. Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Standard errors are presented in parentheses and clustered at firm level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Loyalty/MVS Dummy	0.0770 (0.9199)	0.1517 (0.9951)	-0.6037 (1.1343)			
Loyalty/MVS	0.7877 (0.6072)	0.1703 (0.7036)	0.7494 (1.2373)	0.6687 (0.4484)	0.2325 (0.4743)	-0.4079 (0.4556)
Family	-0.1540 (0.7017)	1.0316 (0.7559)	0.6899 (0.7530)			
Ln(Mkt Cap.)	1.5904*** (0.1332)	1.5816*** (0.1889)	1.6003*** (0.2318)	0.7540*** (0.2635)	1.2797*** (0.3828)	0.5693 (0.3565)
Financial Dummy	0.8528 (0.9347)	2.3127* (1.3970)	1.3284 (1.4375)			
Leverage		-2.1667 (1.5145)	-3.1287** (1.5834)		0.4238 (1.3614)	1.7381 (1.4462)
MB		0.2463*** (0.0861)	0.2172** (0.0901)		0.0815 (0.0581)	0.0221 (0.0484)
ROA		7.2661** (3.6211)	6.8874* (3.9744)		3.6549 (3.0452)	5.5383 (4.2501)
Dividend Dummy		-0.5749 (0.7725)	-0.1750 (0.8248)		0.4610 (0.5310)	-0.1533 (0.6405)
Cash Holdings		-3.3392 (2.2374)	-3.9762* (2.4029)		0.6036 (1.5027)	2.1483 (1.6369)
Own. Largest Shar.		-0.1249*** (0.0198)	-0.1317*** (0.0206)		-0.1173*** (0.0410)	-0.1407** (0.0561)
Gender			-2.6486 (3.2041)			-0.2570 (1.9042)
Independent			1.0357 (2.3211)			3.9027* (2.0220)
CEO Duality			-1.1959** (0.5844)			0.2588 (0.6278)
Directors from ML			-10.0310*** (2.2762)			-1.2434 (2.9957)
Board Size			-0.0294 (0.1263)			-0.1321 (0.1320)
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of observations	916	736	561	1,126	736	561
Adjusted R2	0.288	0.418	0.453	0.032	0.193	0.243

Table 8: **Loyalty Shares and Post-Introduction Events**

The table reports summary statistics about the number of events (and their frequency) for the sample of firms that adopted loyalty shares and multiple voting shares (*Loyalty*), firms that have not adopted them (*No Loyalty*), and the full sample. Events are: seasoned-equity offerings (SEOs); acquisition offers made (Acquisitions); delistings from the stock exchange (Delistings); announced and completed takeover offers received (Announced/Completed Takeover Offers).

Type of Event		Loyalty	Non Loyalty	Total
SEOs	#	6	101	107
	%	9.38%	8.15%	8.21%
Acquisitions	#	140	6	146
	%	11.29%	9.38%	11.20%
Delistings	#	0	42	42
	%	0.00%	3.61%	3.61%
Announced Takeover Offers	#	0	27	27
	%	0.00%	2.18%	2.18%
Completed Takeover offers	#	0	25	25
	%	0.00%	2.02%	1.92%

Table 9: **Loyalty Shares and Acquisitions**

The table reports odds ratios of logit regressions where the dependent variable is the completion of at least one acquisition in year $t + 1$ for the period 2014-2017 in Columns (I) to (III) and coefficients of tobit regressions with the aggregate deal value of the acquisitions in year $t + 1$ scaled by the market capitalization at the beginning of the year as dependent variable in Columns (4) to (6). Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Standard errors are presented in parentheses and clustered at firm level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	<i>Probability to Acquire</i>			<i>Aggregate Deal Value</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
Loyalty/MVS	1.2374 (0.5495)	1.2887 (0.5994)	0.9265 (0.4824)	1.0686 (0.3453)	1.0407 (0.3640)	0.7484 (0.3329)
Family	0.7566 (0.2586)	0.6258 (0.2084)	0.5342* (0.1904)	0.8218 (0.1853)	0.8119 (0.1879)	0.8098 (0.1998)
Ln(Mkt Cap.)	1.2214*** (0.0709)	1.1567** (0.0804)	1.1291 (0.1099)	1.1051** (0.0547)	1.0563 (0.0543)	1.0481 (0.0730)
Financial Dummy	1.0039 (0.3916)	1.8475 (0.7918)	1.6826 (0.8613)	1.0026 (0.2575)	1.2714 (0.3957)	1.2218 (0.4424)
Leverage		0.6916 (0.5680)	0.4331 (0.3822)		1.0372 (0.6137)	0.7667 (0.4598)
MB		1.0385 (0.0640)	1.0064 (0.0662)		1.0394 (0.0458)	1.0002 (0.0413)
ROA		24.6074** (39.5900)	20.5712* (35.7167)		4.3500 (4.4332)	3.6696 (3.9215)
Cash Holdings		0.7678 (0.9887)	0.7417 (1.1086)		0.7373 (0.7801)	0.9170 (1.0165)
Own. Largest Shar.		0.9921 (0.0079)	0.9939 (0.0084)		0.9870 (0.0112)	0.9873 (0.0120)
Gender			1.5819 (2.4534)			5.5363 (11.8522)
Independent			3.4161 (3.1380)			3.0205 (2.4475)
CEO Duality			1.4997 (0.5017)			1.6500 (0.6811)
Directors from ML			0.0647 (0.1324)			0.0861 (0.1743)
Board Size			1.1335** (0.0667)			1.0836 (0.0529)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of observations	916	738	561	916	738	561
Pseudo R2	0.086	0.096	0.083	0.055	0.059	0.049

Table 10: **Loyalty Shares and SEOs**

The table reports odds ratios of logit regressions where the dependent variable is the completion of at least one seasoned equity offering in year $t + 1$ for the period 2014-2017 in Columns (1) to (3) and coefficients of tobit regressions with the aggregate offer proceeds in year $t + 1$ scaled by the market capitalization at the beginning of the year as dependent variable in Columns (4) to (6). Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Standard errors are presented in parentheses and clustered at firm level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	<i>Probability of Equity Issue</i>			<i>Aggregate Offer Proceeds</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
Loyalty/MVS	1.2664 (0.5689)	1.6499 (0.7570)	2.1629 (1.0673)	1.1198 (0.7137)	1.1149 (0.1146)	1.1706 (0.1335)
Family	1.1220 (0.3104)	1.7659 (0.6507)	1.5411 (0.6830)	0.8932 (0.3734)	1.0811 (0.0803)	1.0506 (0.0933)
Ln(Mkt Cap.)	1.1845*** (0.0769)	1.3394*** (0.1310)	1.6522*** (0.2362)	1.0834 (0.0957)	1.0574** (0.0236)	1.0933*** (0.0330)
Financial Dummy	1.7684** (0.5003)	1.8145 (0.8494)	1.4049 (0.7374)	3.3738* (2.4815)	1.1070 (0.1089)	1.0360 (0.1165)
Leverage		0.5938 (0.5210)	0.8950 (0.9822)		0.9851 (0.1880)	1.0202 (0.2351)
MB		1.1427*** (0.0545)	1.1112** (0.0536)		1.0246** (0.0101)	1.0192* (0.0102)
ROA		2.7730 (4.3871)	2.0359 (3.1486)		1.0796 (0.4074)	1.0164 (0.4128)
Dividend Dummy		0.4543** (0.1770)	0.3064*** (0.1328)		0.8270** (0.0692)	0.7694*** (0.0720)
Cash Holdings		0.3847 (0.4489)	0.4630 (0.5760)		0.8181 (0.2151)	0.8348 (0.2484)
Own. Largest Shar.		0.9887 (0.0089)	0.9821* (0.0098)		0.9987 (0.0020)	0.9974 (0.0022)
Investment Adv./HF		1.0158 (0.0243)	1.0007 (0.0253)		1.0040 (0.0055)	1.0001 (0.0059)
Gender			7.8959 (15.3404)			1.4218 (0.5803)
Independent			0.3792 (0.3727)			0.8115 (0.1748)
CEO Duality			2.1047** (0.7512)			1.0975 (0.0774)
Directors from ML			0.0322* (0.0653)			0.6068 (0.2500)
Board Size			0.9720 (0.0691)			0.9956 (0.0141)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of observations	916	736	561	916	736	561
Pseudo R2	0.061	0.126	0.133	0.033	0.126	0.108

Table 11: Delistings and Loyalty Shares

The table reports odds ratios from Cox's proportional hazards model for delistings from *Borsa Italiana* $yeart + 1$ for the period 2015-2018. Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Standard errors are presented in parentheses and clustered at firm level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Loyalty/MVS	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)
Family	0.5172 (0.2524)	0.6638 (0.4186)	0.5982 (0.4031)	0.6006 (0.4314)		0.3748 (0.2344)
Ln(Mkt Cap.)	0.9503 (0.1256)	1.0457 (0.1462)	1.0628 (0.1784)	1.0618 (0.1785)	1.1004 (0.1644)	0.8482 (0.2451)
Financial Dummy	0.2811* (0.2037)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)
Leverage		3.0550 (4.9817)	3.8471 (6.2688)	3.8621 (6.3841)	3.4028 (5.6727)	4.5709 (8.9709)
MB		0.9485 (0.0809)	0.9414 (0.0756)	0.9417 (0.0740)	0.9407 (0.0798)	0.9669 (0.0768)
ROA		2.1525 (5.6196)	2.7188 (6.9356)	2.7163 (6.9143)	1.6963 (4.2107)	0.2872 (0.8444)
Dividend Dummy		1.4710 (0.9534)	1.4086 (0.8892)	1.4112 (0.8971)	1.5283 (0.9689)	1.0876 (0.7732)
Cash Holdings		0.0004 (0.0019)	0.0006 (0.0027)	0.0006 (0.0027)	0.0002* (0.0012)	0.0024 (0.0114)
Own. Largest Shar.			1.0111 (0.0142)	1.0110 (0.0148)	1.0073 (0.0139)	1.0209 (0.0189)
Investment Adv./HF			0.9982 (0.0545)	0.9975 (0.0553)	0.9882 (0.0505)	1.0054 (0.0591)
Foreign Ownership				1.0005 (0.0118)	1.0025 (0.0109)	1.0105 (0.0148)
Gender						0.0343 (0.0767)
Independent						0.4568 (0.6546)
CEO Duality						1.1887 (0.7365)
Directors from ML						18.7959 (47.5734)
Board Size						1.2690** (0.1298)
Number of observations	687	571	571	571	571	561

Table 12: **Loyalty Shares as Takeover defense**

The table reports odds ratios from Cox's proportional hazards model for receiving a takeover offer in the period 2015-2018. Variable definitions are provided in Appendix A. Financial variables are winsorized at 1% on both tails. Standard errors are presented in parentheses and clustered at firm level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10%, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Loyalty/MVS	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)
Family	0.2334*** (0.1198)	0.2493** (0.1359)	0.2778** (0.1544)	0.2901** (0.1624)		0.2831** (0.1618)
Ln(Mkt Cap.)	0.7768** (0.0807)	0.8466 (0.1158)	0.7760 (0.1406)	0.7602 (0.1435)	0.8206 (0.1353)	0.6405* (0.1702)
Financial Dummy	0.8825 (0.3521)	0.8378 (0.4019)	0.6812 (0.3500)	0.6591 (0.3469)	0.8978 (0.4979)	0.7039 (0.3550)
Leverage		4.4322 (4.6916)	5.9212* (5.8211)	6.4670* (6.2816)	4.7689 (4.9031)	4.1558 (4.4023)
MB		1.0516 (0.0324)	1.0704* (0.0412)	1.0719* (0.0404)	1.0752* (0.0411)	1.0869** (0.0443)
ROA		1.1300 (2.8551)	1.0330 (2.2903)	1.1409 (2.4269)	0.9222 (1.8384)	3.7072 (8.0041)
Cash Holdings		8.3595* (10.4103)	13.3867** (17.3089)	12.0755** (14.4294)	8.6734 (11.6761)	9.2582* (11.0674)
Own. Largest Shar.			0.9865 (0.0144)	0.9845 (0.0153)	0.9776 (0.0159)	0.9806 (0.0146)
Investment Adv./HF			1.0377 (0.0454)	1.0236 (0.0498)	1.0123 (0.0491)	1.0199 (0.0492)
Foreign Ownership				1.0098 (0.0097)	1.0127 (0.0112)	1.0108 (0.0108)
Dividend Dummy						0.9765 (0.5890)
Gender						0.0242 (0.0584)
Independent						2.6127 (4.1825)
CEO Duality						0.5102 (0.3645)
Directors from ML						2.5205 (4.7766)
Board Size						1.0773 (0.1220)
Number of observations	687	571	571	571	571	561
Adjusted R2	0.062	0.073	0.085	0.088	0.063	0.113