Bird & Bird

Public Takeovers

A Jurisdictional Guide

Introduction

We hope this introductory guide to takeovers regulation across our various offices provides a valuable insight into the different regimes. Contact details for our local experts can be found here and I would like to thank all of those involved in the preparation of this guide.

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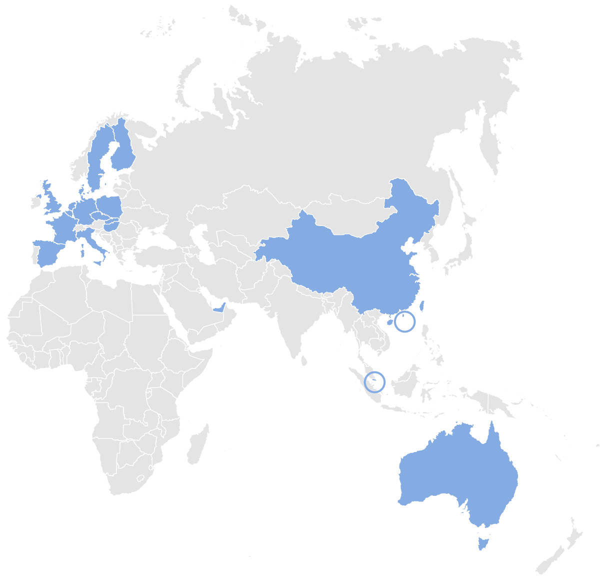
Public Takeovers- A Jurisdictional Guide

Public takeovers are governed by a complex body of rules in every jurisdiction and specialist guidance should be obtained during all steps of the process. Looking for where to begin? Our Bird & Bird specialists have put together a summary of public takeover regulations in each of our major operational jurisdictions. Click on one of the countries below to read more.



- Australia
- Belgium
- China
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Hungary
- Italy
- Netherlands
- Poland
- Singapore
- Slovak Republic
- Spain
- Sweden
- United Kingdom

Bird & Bird has extensive contacts with preferred firms in countries where our firm does not have offices. Should you require guidance, we would be happy to make an appropriate introduction.

Australia

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	Takeovers in Australia are regulated by a combination of legislation and regulatory policy. The core laws applying to takeovers in Australia (‘**Takeover Rules**’) are set out in Chapter 6 of the *Corporations Act 2001* (Cth) (‘***Corporations Act’***). The Takeover Rules are supplemented by policy developed by the Australian Securities and Investments Commission (‘**ASIC**’), the listing rules of the Australian Securities Exchange (‘**ASX**’), and guidance of the Takeovers Panel. ASIC is the key takeovers regulator and has responsibility for enforcing, modifying, and granting relief from the Takeover Rules under the *Corporations Act*. The Takeovers Panel, meanwhile, is the main forum for resolving takeover-related disputes and has the power to make remedial orders (including unwinding agreements) in certain circumstances.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Takeover Rules apply where there is an acquisition of control over issued voting securities in an entity to which the Takeover Rules apply, and that acquisition results in the number of securities controlled by one person (or their associates) increasing to more than 20% of the total issued securities. The Takeover Rules apply to such transactions where they involve the securities of Australian-incorporated companies listed on the ASX (or another Australian financial market), unlisted Australian-incorporated public companies, or Australian-registered managed investment schemes listed on the ASX. All persons must comply with the Takeover Rules, regardless of whether they are resident in Australia.
What is the typical structure of a public takeover in your jurisdiction?	In Australia, the most commonly used takeover structures are (a) an off-market takeover bid; or (b) a court-sanctioned scheme of arrangement. An off-market takeover bid can be used for either a friendly or hostile bid, while a scheme of arrangement is only appropriate for friendly takeover offers. Where deals are friendly, schemes of arrangement are most commonly used. A takeover bid involves the bidder making individual purchase offers to all holders of the target company. If the bidder receives acceptances sufficient to give it at least a 90% interest in the target, the bidder can compulsorily acquire the remaining securities in the target at the bid price. This is distinct from an ‘on-market bid’, where the bidder will appoint a broker to stand in the ASX market and make offers to acquire target securities at the specified bid price through on-market trades, rather than off-market acceptances. A scheme of arrangement, on the other hand, is a process by which the target, with the approval of its securityholders, reconstructs its capital through a court-approved procedure under Part 5.1 of the Corporations Act. A scheme requires the approval of 75% by value and 50% by number of each class of securityholders present and voting at a scheme meeting. Unlike a takeover bid, a scheme has an ‘all or nothing’ outcome, and a bidder will have certainty in knowing that it will either acquire all of the securities to which the scheme relates, or none at all.
Are there any mandatory bid obligations in your jurisdiction?	No. There are no ‘mandatory bid’ obligations in Australia.

Regulation of Public Takeovers	
Are hostile bids allowed? If so, are they common?	Hostile takeover bids are allowed in Australia but in recent years have not been common. There are a variety of reasons for this, including that, broadly speaking, hostile takeovers tend to be protracted and costly, will often involve Takeovers Panel proceedings and public relations battles, and naturally limit the bidder's ability to undertake any meaningful due diligence on the target. Hostile bids also cannot be effected through a scheme of arrangement.
Are there rules on maintaining secrecy until a bid is made?	There are no specific rules requiring secrecy in relation to takeover bids. However, it is standard practice for a bidder and friendly target to enter into confidentiality agreements at an early stage of discussions. Such agreements are usually designed to protect the secrecy of these discussions, as well as restrict the use of any confidential information that is exchanged (on both sides).
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	It is relatively common for a friendly bidder to obtain undertakings from securityholders ahead of a bid being made. Such undertakings usually include commitments by the securityholder to accept the bidder's offer when it is made (or vote in favour of the required resolutions if a scheme of arrangement is used). Any agreements with securityholders must be carefully drafted, as the Corporations Act restricts so called 'escalator agreements' (agreements where the bidder buys shares and undertakes to the seller to top up the purchase price if it makes a bid at a higher price subsequently) and 'collateral benefits' (agreements by which the bidder gives a benefit to a securityholder which is induced by benefits not offered to all holders of securities in the bid class).
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	The Takeovers Panel maintains a policy against a target entity undertaking any action that may frustrate a takeover bid. The policy prohibits directors of the target from taking any action which causes the defeat of a control proposal, without having given the shareholders a choice. Examples of specific actions with may constitute a frustrating action include significant issuing or repurchasing of shares; acquiring or disposing of a major asset; undertaking significant liabilities or changing the terms of debt; or declaring a special or abnormally large dividend. That said, the policy does not prevent a target from seeking alternatives to a bid or recommending the rejection of a bid to its shareholders. An action can constitute a frustrating action even if it is consistent with the director's fiduciary duties and is otherwise permissible under Australian law. The Takeovers Panel has the power to make orders (including unwinding a transaction) if it deems an action to be 'unacceptable'.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Yes. In the event of a friendly bid, it is common for the bidder and target to enter into implementation agreements and deal protection agreements, which often include exclusivity and break fee arrangements. Break fees are usually an agreed amount that becomes payable where certain circumstances occur that prevent the takeover from taking place. They generally do not exceed 1% of the total deal value.
What conditions are usually attached to an offer? How can obtaining these affect the offer timetable?	Conditions to off-market takeover bids commonly include minimum interest thresholds (usually 50.1% or 90%, depending on the bidder's objectives); buyer financing arrangements; Foreign Investment Review Board and other regulatory approvals; material adverse change clauses; material acquisition prohibitions; and insolvency event conditions. There are restrictions on what conditions can be used. Most notably, a condition cannot be 'self-triggering' (i.e., directly in control of the bidder). As to timing, bidders are required to nominate a date between 7 and 14 days before the end of the relevant offer period, on which it will notify the

	market as to the status of conditions. If required, this date will usually be extended alongside an extension to the offer period. As to schemes of arrangement, while courts are reluctant to approve conditional schemes, it is usual for scheme implementation agreements to be subject to similar conditions which must be satisfied before the scheme is ready to be approved by the court. No conditions are possible in the context of an on-market takeover bid.
Are there any restrictions on the foreign ownership of shares?	If the bidder is a non-Australian company (or an Australian company in which foreign entities hold a 20% or higher stake) that bidder cannot acquire more than 20% of an Australian company without the approval of the Treasurer. In practice, generally speaking, the Treasurer acts on the advice of the Foreign Investments Review Board. Where a bidder is a 'Foreign Government Investor' (as defined in the relevant legislation) more onerous notification and approval requirements will generally apply. The Treasurer has broad powers to block proposals by foreign companies or 'Foreign Government Investors' that, in the Treasurer's view, are contrary to the 'national interest' or to 'national security'.
Are there requirements for the target to inform or consult its employees about the offer?	In Australia, there is no express obligation for a target company to consult or inform its employees about a takeover bid.
What form does the consideration usually take?	There are no restrictions on the form of consideration which may be offered. A bid may take the form of cash (in any currency), securities, other non-cash assets, or a combination of those things. The only relevant condition is that all securityholders must be offered the same thing. Consideration alternatives may be offered, provided that, again, all securityholders are offered those same alternatives.
What power does a bidder have to squeeze out minorities on a successful takeover?	As discussed above, in a takeover bid, if a bidder receives acceptances in respect of at least 90% of the securities in the entity, it will be entitled under the Corporations Act to compulsorily acquire the balance of securities from withholding securityholders. This power is not relevant when using a scheme of arrangement, given that in that context, the arrangement will be binding on all securityholders if validly approved.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	There is nothing to prohibit an unsuccessful bidder from launching a second takeover bid. However, the Takeovers Panel states that such an approach will be 'unacceptable' (and therefore subject to its remedial powers) if a bidder claims it will not increase its offer price, lets its bid expire, and then returns within four months with a new takeover bid at a higher price. The only exception to this rule is where the bidder has made a clear qualification to a no increase statement and the circumstances contemplated by that qualification actually occur.
What action is required to delist the target?	Where the target's shares are publicly traded, the process for delisting will depend on the rules of the relevant securities exchange. In Australia, an overwhelming majority of listed entities trade on the ASX. In the context of a takeover bid, a target entity trading on the ASX will automatically be delisted eight business days after 'compulsory acquisition notices' are sent to withholding securityholders to complete the takeover process. Where the takeover has been implemented by way of a scheme of arrangement, a target entity trading on the ASX will be delisted on a date

	determined by the scheme upon application by the target. Usually, this will be within a few days after the date of implementation.
Are there any transfer taxes on the sale of shares in the company?	Tax considerations will depend on the nature of the securities the subject of the takeover bid, and the structure of the transaction. The taxes that may be relevant include stamp duty (transfer tax on securities in some circumstances); capital gains tax or income tax for holders of securities in the target; and the use of 'franking credits' (tax credits passed to target shareholders along with dividends) of the target.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	Alongside the substantive rules and regulations, the purpose of the Takeover Rules is stated to be grounded in principles aimed at protecting securityholders by ensuring that public takeovers occur in a manner that is transparent and fair to securityholders. Those principles are that the acquisition of control should take place in an efficient, competitive and informed market; that securityholders and directors of a target should know the identity of any bidder who proposes to acquire a substantial interest in the target, have a reasonable time to consider a proposal and be given enough information to assess its merits; that target securityholders should have a reasonable and equal opportunity to participate in any benefits flowing from a proposal; and that an appropriate procedure is followed as a preliminary to compulsory acquisition of voting shares or interests or any other kind of securities.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Preparation and pre-bid actions: Before making an informal approach, a prospective bidder should thoroughly investigate its potential avenues, the potential responses which may be received, and the implications of taking one approach over another. This includes considering whether it wishes to improve its standing as a bidder before making any approach by increasing its pre-bid stake in the target company. 2 Transaction structure: the length, cost and possibility of success for a takeover process will be greatly impacted by the structure that is selected. A prospective bidder should carefully consider which structure (i.e., takeover bid, or scheme of arrangement) aligns best with its objectives, such as, for instance, whether it is looking to obtain a 100% acquisition, or merely a controlling interest in the target entity. 3 Public announcement strategy and obligations: entitles listed on the ASX are subject to comprehensive announcement and disclosure obligations. Understanding the rules in this regard is vital for any prospective bidder to avoid premature announcement obligations, either on the side of the bidder or the target.
Are there any proposals for reform of the applicable takeover rules?	As at the time of writing, we are not aware of any planned reforms to the regime in Australia.

Belgium

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	In Belgium, public takeovers are regulated by three instruments: the Public Takeover Law of 27 April 2007 on public takeover (hereafter, the '**Takeover Law'**) and the Royal Decree of 27 April 2007 on public takeovers (hereafter, the '**Public Takeover Decree**'), and the Royal Decree of 27 April 2007 on squeeze-out bids which implemented the Directive 2004/25/EC on takeover bids into Belgian law (hereafter, the '**Squeeze-out Decree**'). Additionally, the Belgian Code of Companies and Associations includes general provisions on company law which also need to be taken into account within the framework of public takeovers (hereafter, the '**BCCA**'). The Financial Services and Markets Authority (hereafter, the '**FSMA**') oversees compliance with the applicable rules by the parties to public takeovers. In the pursuance of its mission, the FSMA is vested with broad powers, which include requiring compliance, imposing disclosure on certain information and documents, forbidding the vindicating of rights gained through wrongful application of the law, suspending, removing and correcting information pertaining to the bid, its announcement or its advertisement; and making public information related to a bid which it deems of importance to the market.
To what situations do applicable takeover regulations apply in your jurisdiction?	**Voluntary and mandatory public bids** As a general rule, any voluntary takeover bid will be subject to the Takeover Law as soon as it is "public" in Belgium (i.e., if it is publicly announced in Belgium). As an exception to this general rule, the Takeover Law will not apply to (i) voluntary takeover bids on companies registered in another Member State of the EU with their primary listing in another Member State (it being understood that the publicity for the takeover bid in Belgium will remain subject to the Takeover Law) and (ii) voluntary takeover bids for companies registered in Belgium but which have their primary listing in another Member State (except for matters of company law, employee information and publicity). The following takeover bids are not considered public for the purpose of the Takeover Law: 1 Bids pertaining to titles strictly held by qualified investors, which are regarded as 'professionals in all investment services and activities and financial instruments' for the purpose of the 2014/92/EC Directive. The following entities fall into that exemption, provided that they have not requested non-professional treatment: a Entities which are required to be authorised or regulated to operate in the financial markets; b Large undertakings fulfilling at least two of the following: having a balance sheet total above EUR 20.000.000, a net turnover of EUR 40.000.000, equity above EUR 2.000.000; c National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations; and, d Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

	2 Bids addressed to less than 150 legal or natural persons which are not qualified investors; 3 Bids pertaining to titles whose unitary value reaches at least EUR 100.000. As regards mandatory takeover bids, the Takeover Law will generally apply to bids for companies that are registered and listed on a regulated market in Belgium (generally speaking Euronext Brussels, Euronext Growth (previously Alternext Brussels) and Euronext Access (previously the so-called "Free Market")). When the target company is (i) registered in another Member State but having its primary market in Belgium or (ii) registered in Belgium but having its primary market in another Member State, the Takeover Law will only partially apply. **Squeeze-out proceedings** The regulatory framework is applicable to squeeze-out proceedings, which are understood as the situation in which a natural or legal person who, acting alone or in concert, directly or indirectly holds 95% of voting securities issued by a listed public limited company, makes a public takeover bid to acquire all the voting securities of that company.
What is the typical structure of a public takeover in your jurisdiction?	The most common structure for public takeovers in Belgium is a friendly voluntary takeover bid for a cash consideration.
Are there any mandatory bid obligations in your jurisdiction?	Yes, there are. As a general rule, a mandatory bid obligation arises if a person, individually or acting in concert with others, as a result of an acquisition, obtains more than 30 % of the voting securities of a target company. Moreover, the same obligation to proceed to a mandatory bid arises if a person acquires direct or indirect control over a company which in turn holds more than 30 % of the voting securities of a target company (it being understood that for companies listed on Euronext Growth (previously Alternext Brussels) and Euronext Access (previously the so-called "Free Market"), this threshold has been increased up to 50%).
Are hostile bids allowed? If so, are they common?	Hostile takeover bids are allowed in Belgium, but they rarely occur and are also rarely successful.
Are there rules on maintaining secrecy until a bid is made?	As a general rule, the bid will be publicly announced after it is formally notified to the FSMA, which in turn publishes the bid the following business day. Up until its announcement by the FSMA, the information pertaining to the bid, including its existence itself, must remain strictly confidential in order to protect the market's integrity and the shareholders. A breach of confidentiality might give rise to criminal offences and administrative fines. It is customary for parties to enter into confidentiality agreements in the pre-bidding and bidding processes and to retain a high degree of secrecy were the takeover to fail. For completeness' sake, the Public Takeover Law also allows the FSMA to require a potential bidder to disclose its intention to launch a bid in case of market rumours. If the potential bidder confirms not to have an intention to launch a bid, this person will be prohibited from making a bid for six months (save in exceptional circumstances).
Is it common for a bidder to obtain irrevocable undertakings, or similar, from	In recommended takeovers, the bidder and key shareholders commonly (but not necessarily) enter into agreements before making the bid public. Such agreements usually contain provisions in pursuance of which the

Regulation of Public Takeovers	
key shareholders to sell their shares?	shareholders undertake to accept the bid and not to dispose of their securities before the closing.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	Provided that the provisions are limited in time and are in the company's interest, a target company may include poisoned-pill provisions in its articles of association and/or its shareholders may convene amongst themselves to create frustrating mechanisms in a shareholders' agreement. The limitations of frustrating provisions in the articles of association arise from general principles of obligation law, on the one hand, and limitations regarding the drafting of frustrating undertakings from a broad understanding of company interests. Specific provisions of the BCCA contain direct limitations to frustrating action. As such, following the announcement of a bid and until the bid is closed: 1 only the general assembly of the target company may take decisions or carry out transactions that would have the effect of substantially modifying the composition of the company's assets or liabilities or assume commitments without effective consideration. Such decisions or transactions may not be taken or carried out subject to the success or failure of the takeover bid; 2 the target company cannot open a process to increase its share capital effecting a limitation or deletion of the pre-emption right of its shareholders; 3 the target company cannot create voting securities, whether or not representing capital, as well as securities giving the right to subscribe for such securities or to acquire such securities, if these securities or rights are not offered in preference to the shareholders in proportion to the part of the capital which their shares represent: 4 in the event of refusing of approval or pre-emption rights, securityholders must be offered, within five days following the closing of the bid, the acquisition of their securities at a price at least equal to the bid or counter-bid price by one or more approved persons or persons in respect of whom the right of pre-emption would not be exercised. In listed companies, only the general assembly may grant rights to third parties which substantially affect the company's assets and liabilities or give rise to a substantial debt or commitment on the part of the company, where the exercise of such rights depends on the launch of a public takeover bid for the company's shares or a change of control over the company. The general assembly's decision must occur and be filed by the competent registry before the announcement of a bid is made.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Belgian law does not forbid agreements between a bidder and the target company. However, these are traditionally done in non-formal ways. If a formal agreement is entered into, it will have to be disclosed in the bid's prospectus. Break fees are rather rare in Belgium and target companies are generally reluctant to agree to these.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	According to the Takeover Decree, a bid must (1) cover all available voting securities and, (2) propose terms and conditions which would enable the bidder to reach a successful takeover of the target company. In addition to conditions precedents regarding regulatory approvals, a bid can be subject to other objective conditions precedent to the extent approved by the FSMA (which is generally rather reluctant to approve

	such conditions), such as an acceptance threshold, the non-occurrence of a material adverse event beyond the bidder's control, no dividends and amendments to the target company's articles of association.
Are there any restrictions on the foreign ownership of shares?	There are none.
Are there requirements for the target to inform or consult its employees about the offer?	Yes, there are. Once the FSMA has announced the bid, the target company's board and the bidder's board must (1) contact, (2) transfer a copy of the prospectus to, and (3) inform their respective employee representatives about the bid and share their opinion on it. In the absence of employee representatives in the company, the boards must address their respective employees directly. Provided that a labour council is established in the target company (and unless it unanimously decides otherwise), a hearing shall take place between it and the bidder board's representatives. During that hearing, the bidder has to delineate its industrial and financial policies, as well as its envisaged plans for the target company and its impact on employment and business locations. The bidder's representatives must take note of the comments made by the labour council during the hearing. Whilst the hearing must occur within ten business days after the opening of the bid, for as long as the hearing has not taken place due to the bidder's not appearing, the voting rights attached to the acquired securities may not be exercised.
What form does the consideration usually take?	Consideration may be paid in cash, in shares or securities or a combination of both. In the context of a bid where the consideration is made of shares or securities, an alternative consideration in cash must be made if (1) the consideration does not relate to liquid securities listed on a regulated market, or (2) during the twelve months preceding the announcement of the takeover bid or during the offer period, the bidder or a person acting in concert with the bidder has acquired or undertaken to acquire, for cash, securities representing more than 1% of the total number of voting securities.
What power does a bidder have to squeeze out minorities on a successful takeover?	Belgian law allows a bidder to squeeze out minority shareholders: 1 If a bidder (and the persons acting in concert with them) possesses more than 95 % of the voting securities of the target company; 2 If the bidder has acquired more than 95 % of the voting securities and of the voting share capital as a result of a takeover bid (and, in the case of a voluntary bid provided that the initial bid covered at least 90 % of the remaining voting share capital) the bidder can acquire the remaining voting securities.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	Under Belgian law, a failed bid does not prevent the bidder from relaunching another takeover bid. Nonetheless, the FSMA retains the power to refuse a new bid if its terms and conditions are not sufficient to allow the bidder to achieve its aim.
What action is required to delist the target?	Delisting can occur automatically through the completion of squeeze-out proceedings. In certain cases, the FSMA will subject the delisting to the fulfilling of certain criteria if it deems it necessary for the protection of the market or investors' interests. Alternatively, the target company may apply for a delisting request under provision 26, 1° of the Law of 21 November 2017 and provision 6905/1 of the Euronext Rule Book. As such, the request shall be effective provided

	that Euronext Brussels approves it and that the FSMA does not have any objections to it.
Are there any transfer taxes on the sale of shares in the company?	A tax on stock exchange transactions is due for each purchase, sale and transfer for existing shares or securities in Belgium. The tax for normal transactions amounts to 0.35 % of the total value of the transfer price, capped at EUR 1.600 per operation and per party.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The takeover legislation is articulated around six principles: (1) the equal treatment of shareholders belonging to the same category and the protection of shareholders where a control change has occurred, (2) target company's shareholders must be given sufficient time and information to make an informed decision on the bid and were the target company's board to advise the shareholders, it must issue a statement on the impact of the takeover on employees and labour conditions, (3) the target company's board of directors must act in the best interest of the company as a whole, (4) parties involved in a bid must not, by their behaviour, create distorted markets for the target company's shares, (5) a bid may only be announced provided that the bidder has the consideration available and secured and (6) the target company must not be unduly hampered by a bid beyond what is reasonably necessary.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Legal scrutiny – the regulatory framework is particularly difficult to navigate, and pitfalls are numerous along the way. A bid may be doomed to fail if the necessary steps and requirements are not fully understood for the pre-bidding and bidding processes; 2 Flexibility – bearing in mind the general objectives underpinning the transaction, creativity is key to strike the correct balance between all stakeholders and a good understanding of one's goals lights up the many ways a good bid can be drafted; 3 Discretion – on top of the strict secrecy regime prior to the bidding process, informal undertakings and engagements can go a long way to simplifying a cumbersome process.
Are there any proposals for reform of the applicable takeover rules?	Currently, no proposals for reform are under discussion in Belgium.

China – Hong Kong

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	Public takeovers in Hong Kong are regulated principally by the Codes on Takeovers and Mergers and Share Buy-backs (the "**Codes**"). The Codes, which are intended to afford fair and equal treatment of shareholders, do not have the force of law. However, they are administered by the Hong Kong Securities and Futures Commission ("**SFC**") and the rules are, in practice, binding on all market participants. Takeovers and Mergers Panel (the "**Panel**") under the SFC has the functions to (1) hear disciplinary matters in the first instance and review rulings by the Takeovers Executive (i.e., the Executive Director of SFC's Corporate Finance Division or any delegate of the Executive Director) at the request of any party dissatisfied with such a ruling; (2) consider novel, important or difficult cases referred to it by the Takeovers Executive; and (3) review, upon the SFC's request, the provisions of the Codes and the Rules of Procedure for hearings under the Codes, and recommend amendments as appropriate. Other key sources of regulation governing takeovers are the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Companies Ordinance. Sector specific regulation may also apply depending on the type of business involved, e.g., the Telecommunications Ordinance.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Codes apply to takeovers, mergers and share buy-backs to companies subject to the Codes. These companies include (1) public companies in Hong Kong; (2) companies with a primary listing of their equity securities in Hong Kong; and (3) real estate investment trusts with a primary listing of their units in Hong Kong.
What is the typical structure of a public takeover in your jurisdiction?	Public takeovers in Hong Kong usually take the form of (1) a general offer or (2) a scheme of arrangement. 1 A general offer can be voluntary or mandatory and it is a contractual offer made by the bidder directly to the target's shareholders. All general offers are required to be conditional on the bidder acquiring more than 50% of the voting rights in the target. Mandatory general offers must only be conditional on the bidder acquiring more than 50% of the voting rights in the target whereas voluntary general offers can be subject to a higher acceptance condition and may contain objective conditions. Such conditions include the bidder to receive a higher level of acceptances to enable the bidder to trigger a compulsory acquisition right against the minority shareholders, subject to the local law where the target is incorporated. 2 A scheme of arrangement is a statutory procedure and court-sanctioned arrangement under the Companies Ordinance for a Hong Kong company or under the relevant companies' legislation in the jurisdiction of incorporation of the target. It is commonly used in privatisation. It requires at least 75% of votes not being held by the bidders and its concerted parties to approve the scheme, with no more than 10% of such vote to vote against. A court in the place of incorporation of the company also needs to sanction it, thereby binding all shareholders.
Are there any mandatory bid obligations in your jurisdiction?	Yes. Under rule 26 of the Codes, a mandatory offer must be made to all shareholders when:

	1 a person (together with its concert parties) acquires 30% or more of the voting rights of a Hong Kong listed company; or 2 a person (together with its concert parties) that holds between 30% and 50% of the voting rights of a listed company acquires additional voting rights which increase its holding by more than 2% from the lowest percentage holding held by it in the previous 12-month period.
Are hostile bids allowed? If so, are they common?	There is no legal restriction on hostile bids in Hong Kong, and it will be structured as a takeover offer rather than a scheme of arrangement, as the former does not require the support of the board of the target. However, hostile bids are uncommon in Hong Kong since most listed companies in Hong Kong have controlling shareholders, which means that obtaining control without support of these shareholders (and their board representatives) is almost impossible.
Are there rules on maintaining secrecy until a bid is made?	The Codes require the parties involved in a potential offer to maintain absolute secrecy before it is publicly announced. All people privy to confidential information, and particularly price-sensitive information, concerning an offer or contemplated offer must treat that information as secret and may only pass it to another person if it is necessary to do so and if the other person understands the need for secrecy. All such persons must conduct themselves so as to minimise the chances of an accidental leak of information. A potential bid is likely to be price-sensitive and will typically be considered inside information. Share dealings with knowledge of undisclosed inside information may constitute a criminal offence in Hong Kong. Therefore, the Codes require the target to make a public announcement of the possible offer, when, for example, (1) the target is subject to rumour or speculation about a possible offer, (2) there is undue movement in its share price or volume of share turnover, or (3) negotiation and discussion are about to be extended to include more than a very restricted number of people.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	Yes, irrevocable undertakings are relatively common. Immediately prior to the offer being announced, the bidder may approach a very restricted number of sophisticated investors (i.e., no more than six) which have a substantial shareholding to obtain an irrevocable undertaking. In any other circumstances, the Codes state that the SFC must be consulted before any approach is made to a shareholder to obtain an irrevocable undertaking. If the SFC consents to a bidder approaching shareholders before an offer period has commenced, the SFC will normally impose certain conditions, including limiting the number of shareholders to be approached to six and only allowing the approach to be made within a limited time period before publication of the Rule 3.5 announcement (announcement stating bidder's firm intention to extend offer). If an offer period has already commenced, there is normally no restriction on the number of shareholders that may be approached if they are not being provided with any non-public information. Any information that may be provided to the shareholders approached should be confined to details that either are already public or would eventually be contained in the Rule 3.5 announcement. If shareholders are approached before the publication of the Rule 3.5 announcement, they will have to agree to be insiders and be subject to all the rules and regulations applicable to insiders for confidentiality and share dealings before any information is exchanged.

Regulation of Public Takeovers	
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	The Codes impose restraints on the actions of the target once the target receives an offer or believes that an offer is imminent. It prevents target from issuing shares, disposing of material assets, or entering into contracts otherwise in the ordinary course of business without the approval of shareholders at a general meeting. These rules are intended to prevent the board of the target from taking actions which could frustrate the offer or deny the shareholders the opportunity to decide on the merits of the offer or reduce the value of the target through certain action. These rules may be waived by the SFC in appropriate circumstances, particularly where the bidder agrees.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	In a typical voluntary general offer, it would be unusual for the bidder and the target to enter into any formal agreement relating to the offer. Agreements typically entered into during the initial preparatory stage include a non-disclosure agreement, an exclusivity agreement and a letter of intent (also known as a term sheet or memorandum of understanding). Where a break fee is proposed, certain safeguards must be observed. In particular, a break fee must be minimal, normally no more than 1% of the offer value, and the target's board and its financial adviser must confirm to the Takeovers Executive that the break fee is in the best interests of shareholders and fully disclosed in the offer announcement and the offer document sent to all target shareholders.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	As mentioned above, both a voluntary general offer and a mandatory general offer must be conditional on the bidder or its concert parties receiving such acceptances that the bidder (together with its concert parties) will hold more than 50% of the voting rights in the target. A voluntary general offer may also contain additional, objective conditions. For example, it may be conditional on acceptances being received in respect of a higher number of shares. This is often set at 90% in order to ensure that, in the case of Hong Kong incorporated targets, the statutory squeeze-out (i.e., compulsory acquisition) mechanism is available to a bidder who wishes to compulsorily acquire the remaining shares in the target to reach 100% control. Other common conditions in a voluntary general offer include the receipt of regulatory or antitrust approvals, approval by the bidder's own shareholders, or that there has been no material adverse change to the business of target prior to closing of the offer. Any conditions must be objective and not be solely within the control of the bidder. A bidder would not be allowed to invoke any condition so as to cause the offer to lapse unless the circumstances which give rise to the right to invoke such condition are of material significance to the offeror in the context of the offer.
Are there any restrictions on the foreign ownership of shares?	Apart from in certain sectors, for example, telecommunications, there is no restriction on foreign ownership engaging in business in Hong Kong, and there is no requirement as regards to the nationality (or place of incorporation for corporations) of the shareholders.
Are there requirements for the target to inform or consult its employees about the offer?	There are no requirements for a target's board to inform or consult its employees about the offer. If the target has adopted a share option scheme and has granted options to employees under it, its terms may provide for lapse of the options if they are not exercised during a prescribed period on a takeover offer is made. In such circumstance, the target must inform its employees about timing so they can exercise the options before they lapse.

Regulation of Public Takeovers	
What form does the consideration usually take and are there any specific requirements in relation to this (including any minimum consideration requirements)?	For a voluntary offer, a bidder can offer cash or securities, or both. If the bidder (or any person acting in concert with it) has acquired target shares with 10% or more of the voting rights for cash during the offer period or six months before it, the consideration for the offer must be in cash or accompanied by a cash alternative, at not less than the highest price paid for the target shares. If the bidder (or any person acting in concert with it) has acquired target shares with 10% or more of the voting rights in exchange for securities during the offer period or three months before it, the same securities must be offered to all other shareholders of the target. A voluntary offer at more than a 50% discount to the lesser of the closing price of the target's shares on the day before the Rule 3.5 announcement or the previous 5-day average closing price will likely be considered as "substantially below the market price of the shares in the target company" and cannot be made. If the bidder (or any person acting in concert with it) has made any purchases of the target's shares in the 3 months before the offer period (or earlier in the case of purchases from target's directors or connected persons), the offer must be made on terms that are no less favourable than those offered in such prior purchases. If, during the offer period, the bidder (or any person acting in concert with it) purchases any shares in the target, the bidder will be obliged to increase its offer to not less than the highest price paid for such purchases. For mandatory offer, the consideration must be in cash or, at the least, contain a cash alternative. Where the offer is in cash or includes an element of cash, then the offer document must include a confirmation by a financial adviser or an appropriate independent party that sufficient resources are available to the offeror to satisfy full acceptance of the offer. The minimum consideration in a mandatory offer must be no less than the highest price paid by the bidder or any person acting in concert with it for shares in the target during the offer period and in the preceding 6 months.
What power does a bidder have to squeeze out minorities on a successful takeover?	The availability of compulsory acquisition rights depends on the local laws of the jurisdiction in which the target is incorporated. If, within the four months after posting of the initial offer document, the bidder acquires 90% of the shares not already held by it, the Codes provide that the bidder can, subject to any additional requirements imposed by law, exercise its compulsory acquisition right to compel the shareholders who have not accepted the offer to sell the remaining shares to it.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	If the offer lapses or is withdrawn, the bidder and any of its concert parties are prevented from launching a new offer or taking steps which would trigger a requirement to make a mandatory offer for a period of 12 months. In cases of unsuccessful privatisation offers, the bidder will normally be precluded from buying any shares in the offeree company within 12 months of the offer lapsing if the result would be that the listing of the offeree company's shares on the Stock Exchange of Hong Kong Limited ("**SEHK**") would be discontinued, unless previously approved by shareholders in accordance with the Listing Rules.

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What action is required to delist the target?	Under the Listing Rules, a listed target may voluntarily withdraw its listing on the SEHK, irrespective of whether it has an alternative listing or not, if:- 1 after a general offer a right to compulsory acquisition is exercised under applicable laws and regulations (the requirements of which are, where the issuer is not a company incorporated in Hong Kong, at least as onerous as those applicable if it were) resulting in the acquisition of all the listed securities of the target; or 2 the target is privatised by way of a scheme of arrangement or capital reorganisation which is governed by the Codes and all the relevant requirements, including the shareholders' approval requirements, under the Codes have been complied with. In either case, the target must give its shareholders notice of the proposed withdrawal of the listing by way of a published announcement and state its intention not to retain the target's listing on the SEHK in the offer circular. A company can also voluntarily withdraw its listing on the SEHK in other circumstances subject to certain shareholders' approval and other requirements under the Listing Rules, depending on whether the company has an alternative listing or not. If the target is incorporated in jurisdictions that do not afford compulsory acquisition rights to a bidder, e.g., PRC, and it seeks delisting following a general offer, the bidder will need to explore alternatives in compliance with local laws that have a similar effect as compulsory acquisition. For example, for PRC incorporated companies listed on SEHK, the bidder can choose to effect a merger by absorption under PRC laws (whereby the listed company and the bidder will legally merge into a single entity), the dissenting or non-accepting shareholders in the voluntary general offer could be bought out upon the merger.
Are there any transfer taxes on the sale of shares in the company?	Stamp duty is payable on transfers of shares at the effective rate of 0.26% of the consideration or (if higher) the Stamp Office's assessment of the value of the shares being transferred. To assist the Stamp Office with its assessment, a pack of supporting documents, including accounts of the target, must accompany an application to determine the amount of stamp duty that is payable. It is common for the seller and the buyer to each bear 0.13%, subject to the parties' negotiation. Relief exists for intra-group transfers where a 90% common ownership threshold applies.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The Codes highlight a series of ten principles for any persons engaging in an offers: (1) all shareholders are to be treated equally; (2) if control of a target changes, a general offer to all other shareholders is normally required; (3) during the course of an offer or when an offer is in contemplation, information made available to some shareholders must be made available to all shareholders; (4) an offer should only be made after careful and responsible consideration; (5) shareholders should be given sufficient information, advice and time regarding the offer; (6) all persons concerned with takeovers and mergers should make full and prompt disclosure of all relevant information and take every precaution to avoid the creation of a false market and making statements which may mislead shareholders or the market; (7) rights of control should be exercised in good faith and the oppression of minority shareholders is unacceptable; (8) directors should have regard to the interests of the shareholders as a whole; (9) the board of the target must not take actions to frustrate a proposed bona fide offer or deny the shareholders the opportunity to decide on its merits; and (10) all parties concerned

	with takeovers and mergers should co-operate to the fullest extent with the Takeover Executive, the Panel and the Takeovers Appeal Committee.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Preparation – public takeover carries with it significant public attention and invariably gives rise to circumstances a bidder may not have anticipated. Because of the public scrutiny, it is essential for bidders to be well prepared and have undertaken sufficient forward planning to be able to react swiftly to particular circumstances. 2 Secrecy and announcement obligations - a bidder should ensure it understands fully the rules relating to announcements and take all steps to avoid a premature announcement obligation. The effect of falling under a "put up or shut up" requirement can derail even the most well-prepared bidder. 3 Clarity around strategic goals and objectives - having a clear vision of the objectives and the red lines underpinning the transaction is essential as it is all too easy to be swayed by the evolving circumstances. Clarity of vision will also allow a bidder to identify the aspects it needs to have fully prepared for (such as the nature and availability of funding).
Are there any proposals for reform of the applicable takeover rules?	We are not aware of any proposal for reform of the current Codes or other applicable takeover rules. The SFC periodically publishes practice notes and bulletins on its website, providing practical guidance to the interpretation of its rules.

China

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	Public takeovers are regulated by a series of laws and regulations including: Securities Law, Administrative Measures for the Takeover of Listed Companies, Implementing Rules for Private placement of Shares by Listed Companies, Measures for the Supervision and Administration of the State-owned Equity of Listed Companies, Administrative Measures for Strategic Investment by Foreign Investors in Listed Companies, the format rules adopted by the stock exchanges, etc. The takeover and the related activities in share equity changes of listed companies are subject to the supervision and administration of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"). The CSRC shall establish a specialized committee comprising professionals and the relevant experts. The specialized committee may, at the request of a functional department of the CSRC, provide advisory opinions on whether an act constitutes a takeover of listed company, whether there is any circumstance under which a takeover of listed company is prohibited and other related matters.
To what situations do applicable takeover regulations apply in your jurisdiction?	The takeover regulations apply to the takeover and the related activities in share equity changes of listed companies. Where the shares in which the investor and persons acting in concert with the investor own the equities attain 5% of the issued shares of a listed company, certain reporting and announcement obligations shall be triggered.
What is the typical structure of a public takeover in your jurisdiction?	Generally, the takeover approaches include: 1 **Tender Offer** An investor who selects on its own initiative to make a tender offer to acquire the shares of a listed company may make an offer to all the shareholders of the target company to acquire all the shares held by them (hereinafter referred to as the "general offer") or may make an offer to all the shareholders of the target company to acquire part of the shares held by them (hereinafter referred to as the "partial offer"). 2 **Takeover by Agreement** Where, by way of agreement, the shares in which an acquirer owns the equities in a listed company attain or exceed 5% of the issued shares of the said company but does not exceed 30%, the acquirer shall comply with the reporting and announcement obligations. Where an acquirer proposes to acquire more than 30% of the shares of a listed company by way of agreement, the portion of shares in excess of 30% shall be acquired by means of offer unless exempted from making an offer under certain circumstances. 3 **Indirect Takeover** Means the situation where an acquirer owns the equities of the issued shares of the listed company through investment relationship, agreement or other arrangements, and the shares in which an acquirer owns the equities attain or exceed 5% of the issued shares of the listed company but do not exceed 30%. Where the shares in which an acquirer owns the equities exceed 30% of the issued shares of the company, the acquirer shall make a general offer to all the shareholders of the company. In light of the circumstances of exemption from making an offer, to avoid triggering the mandatory bid obligations, a typical structure of a public takeover in China can be, step (1) takeover by agreement (no more than

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	30% of the issued shares of the listed company) and step (2) acquisition of newly issued shares of the listed company.
Are there any mandatory bid obligations in your jurisdiction?	Where the shares held by an acquirer in a listed company attain 30% of the issued shares of the said company through securities transactions on the stock exchange and the acquirer continues to increase its shareholding, the acquirer shall propose a takeover by offer and make a general offer or a partial offer.
Are hostile bids allowed? If so, are they common?	Hostile bids are allowed in China, and there have been some well-known cases.
Are there rules on maintaining secrecy until a bid is made?	Persons subject to the obligation to make information disclosure for the takeover and the related activities in share equity changes of listed companies (information disclosure obligors) shall adequately disclose their equities in any listed company and the changes thereof, and perform reporting, announcement, and other statutory obligations strictly pursuant to the law. Prior to making the relevant information disclosure, such persons shall have the obligation to maintain confidentiality of such information. Information disclosure obligors refer to listed companies and their directors, supervisors, senior executives, shareholders, actual controllers, acquirers, as well as all parties related to material asset restructuring, refinancing and material transactions and other natural persons, entities and relevant personnel thereof, bankruptcy administrators and their members, and other entities assuming the information disclosure obligation as prescribed by laws, administrative regulations and the provisions of the CSRC.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	In order to ensure that the purpose of the offer is achieved, particularly in the case of obtaining control of a listed company, it is a more desirable approach to enter into pre-acceptance agreements with key shareholders in advance to ensure that a minimum expected percentage of the shareholding to be transferred can be obtained. Shareholders who agree to accept a takeover offer (hereinafter referred to as the "pre-accepting shareholders") shall entrust a securities company to handle the relevant formalities for pre-acceptance of the offer. The acquirer shall entrust a securities company to apply to the securities depository and clearing institution for interim custody of shares pertaining to the pre-acceptance of the offer. The shares pertaining to the pre-acceptance of the offer under the interim custody of the securities depository and clearing institution shall not be transferred during the period of the tender offer. The pre-accepting shareholders may entrust a securities company to handle the formalities for revocation of pre-acceptance of the offer three market days before the expiry of the period of the tender offer; the securities depository and clearing institution shall remove the interim custody of the shares pertaining to the pre-acceptance of the offer based on an application for revocation by the pre-accepting shareholders. The pre-accepting shareholders shall not revoke acceptance of the offer within three market days before the expiry of the period of the tender offer.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	The issuance of a large number of additional ordinary shares is a complex and lengthy procedure in China as it involves an increase in the registered capital of the company and a change in shareholders' equity. This is a matter for special resolution by the shareholders' meeting rather than the board of directors. At the same time, if the issuer is a related party, the related party will be required to recuse itself from voting on the issue, and if the acquirer has reached a certain percentage of shares, it

	is likely to have a veto power, making it difficult to pass the resolution. This effectively restricts the effective application of "poisoned pills" and "dual class structure". It is stipulated by the law that during the period from the making of an indicative announcement by the acquirer to the completion of the tender offer, the target company shall continue to engage in normal business activities and execute resolutions adopted at the shareholders' general meetings, and without the approval of a shareholders' general meeting, the board of directors of the target company shall not dispose of the company assets, make external investment, make adjustment to the principal business lines of the company, provide guarantee or loans or take any other means, which will have significant impact on the assets, liabilities, interests or operating results of the company. This effectively restricts the effective application of "scorched earth" and "puffiness" tactics.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Yes, it is common to have an agreement between the bidder and the target. Breaking fee is not a common practice under Chinese law. What is often provided for under such agreements include liquidation damages and breach liability clauses.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	An offer usually will set a minimum pre-accepted threshold. Common conditions of the agreement include obtaining internal company approval, obtaining approval from the Anti-monopoly Bureau, obtaining approval from the CSRC, and if state assets are involved, approval from the State-owned Assets Supervision and Administration Commission is required for the contract to satisfy the conditions for entry into force. From the issuance of the reminder announcement of the proposed change of beneficial owner to the completion of the final closing, it would take around one year to go through internal resolutions, the declaration of the concentration of operators and the obtaining of all required permits. There are also cases where the acquisition is terminated in the course of the acquisition, due to changes in the actual status of the target company or due to the failure of the State-owned Assets Supervision and Administration Commission and other competent authorities to approve the acquisition.
Are there any restrictions on the foreign ownership of shares?	Foreign investment in Listed Companies is regulated by Administrative Measures for Strategic Investment by Foreign Investors in Listed Companies. Generally, the main restrictions include: 1 the proportion of shares obtained after the initial investment shall be no less than 10% of the shares issued by the company; 2 the obtained A-shares in the listed company shall not be transferred within three years; 3 as for the industries with specific provisions on share proportion of foreign investors, the proportion of shares held by the foreign investors shall accord with the related provisions; as for the areas prohibited from foreign investment, investors shall not invest in the above-mentioned areas; The good operation, sound credit and assets amount requirements for foreign investors.
Are there requirements for the target to inform or consult its employees about the offer?	There are no such requirements under the Chinese law.

Regulation of Public Takeovers	
What form does the consideration usually take and are there any specific requirements in relation to this (including any minimum consideration requirements)?”	An acquirer may use cash, securities, a combination of cash and securities or other legitimate means to pay the price for the takeover of a listed company. Where an acquirer makes a general offer for the purpose of delisting of a listed company or makes a general offer due to a failure to qualify for the exemption, the acquirer shall pay the price for the takeover in cash; where an acquirer pays the price for a takeover with transferable securities (the "securities") pursuant to the law, a cash option shall be made available for the shareholders of the target company simultaneously. Minimum consideration requirements: • Where an acquirer makes a tender offer, the offer price for shares of the same class shall not be less than the highest price paid by the acquirer for such shares within a six-month period prior to the date of the indicative announcement on the tender offer. Where the offer price is less than the mathematical average value of daily weighted average prices for such shares over 30 market days prior to the date of the indicative announcement, the financial consultant engaged by the acquirer shall analyse the trading of such shares within the latest six-month period and explain if the share prices are being manipulated, whether the acquirer has omitted to disclose any person acting in concert with the acquirer, whether there is any other payment arrangement for the shares of the company obtained by the acquirer in the past six months, and the reasonableness of the offer price. • The transfer by agreement shall be based on the closing price in the secondary market of the transferred shares on the trading day prior to the date of signing the agreement (or the date of signing the supplementary agreement on the change of subject/price/quantity), and the lower limit of the range of transfer price shall be implemented in accordance with the provisions of the bulk transaction. • The transfer price of state-owned shares shall not be less than the higher of (i) the arithmetic average of the daily weighted average price for the 30 trading days prior to the date of the reminder announcement and (ii) the audited net asset value per share of the listed company for the most recent fiscal year.
What power does a bidder have to squeeze out minorities on a successful takeover?	Although it was once proposed in the draft Securities Law back in 2017, the squeeze out power of a bidder was not adopted and has not been stipulated in Chinese law as yet.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	Where an acquirer intends to cancel the takeover plan after making the indicative announcement for the tender offer and before announcing the tender offer, it shall announce the reason; the said acquirer shall not make a takeover of the same listed company again within 12 months as of the date of announcement.
What action is required to delist the target?	Upon the expiration of the offer period for an acquisition, where the shareholding structure of the target company fails to fulfil the listing requirements of a stock exchange, the company's listing shall be terminated legally by the stock exchange.
Are there any transfer taxes on the sale of shares in the company?	For enterprise shareholders, income from the transfer of shares in a listed company is taxed as “income from the transfer of property”, which is a taxable item for corporate income tax purposes, at the corporate

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	income tax rate applicable to the enterprise according to the form of such enterprise. The income derived from the transfer of restricted shares by individuals will be taxed in accordance with the taxable item "income from transfer of property", and a proportional tax rate of 20% will be applied to levy individual income tax. At present, it is stipulated that the income derived from the transfer of non-restricted shares of listed companies by individuals will be exempt from individual income tax for the time being.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The bidder shall not use the takeover of any listed company to cause damage to the legitimate rights and interests of the target company and its shareholders.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Whether the qualification requirements are met by such potential bidder; 2 The shareholding percentage it proposes to acquire and whether such shareholding percentage will trigger the mandatory tender offer obligation; 3 The required authorisation and permits for completing the acquisition.
Are there any proposals for reform of the applicable takeover rules?	The current applicable takeover rules for listed companies took effect recently in 2020 echoing the new Securities Law of the PRC. Since then, there have been no reform proposals from the authorities.

Czech Republic

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	In the Czech Republic, public takeovers are regulated in the Act No. 104/2008 Coll., on takeover bids, as amended ("Takeover Act"). The Takeover Act implements the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids. The Czech regulation does not regulate any Takeover Panel.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Takeover Act applies to mandatory and voluntary takeover bids regarding target companies. A target company is a joint stock company with its registered office in the Czech Republic whose participating securities are admitted to trading on a regulated market in the Czech Republic. Mandatory takeover bids follow after an entity (or group of cooperating entities) acquires at least 30% share of all votes related to the participating securities issued by a target company and concurrently controls over the target company. Pursuant to a voluntary takeover bid, an entity (or group of cooperating entities) seeks to acquire a control over a target company. A takeover bid is defined as a public proposal for a contract for the purchase or exchange of participating securities which is addressed to the owners of participating securities issued by a target company. Participating securities under the Takeover Act consist of securities issued by the target company to which a share in the registered capital or voting rights of the target company is attached or securities to which a right to acquire such previously mentioned securities. Control over a company is regulated by the Act No. 90/2012 Coll., Act on Commercial Companies and Cooperatives, as amended ("Business Corporations Act") and means a situation when a controlling entity can directly or indirectly exercise decisive influence on a company. An entity on the top of the group which manages the entities below (promotes group's interests), is always a controlling entity. A majority shareholder is also a controlling entity unless rebuttable legal presumptions (see below) states otherwise. The Business Corporations Act establishes the following rebuttable legal presumptions on who is a controlling entity: 1 entity which can appoint or recall the majority of members of statutory (i.e., executive) or supervisory body of a company of which the entity is a shareholder, or which is able to enforce such appointment or recall, 2 entity which holds, or entities acting in concert which jointly hold, at least 40% share in the voting rights in a company (unless other entity or entities acting in concert hold an equal or greater share), 3 entity which, individually or jointly with entities acting in concert, holds at least 30% share in the voting rights in a company provided that such share represented more than half of the voting rights of the participants attending at the past 3 consecutive general meetings. The Takeover Act also regulates specific questions regarding takeover bids with foreign element, i.e. involving (i) a joint stock company with its registered office in the Czech Republic whose participating securities are admitted to trading on a regulated market outside of the Czech Republic only and (ii) a joint stock company with its registered office in another member of the EU or EEA (not in the Czech Republic) if its participating securities are admitted to trading on a regulated market in the Czech

	Republic. Principles of the Takeover Act (see below) shall always apply to such takeover bids, furthermore, selected provisions under the Takeover Act must also be applied.
What is the typical structure of a public takeover in your jurisdiction?	The public takeover begins with a decision of the bidder's bodies to make a takeover bid or, if the bidder is a natural person, with the bidder's final decision to initiate steps immediately leading to a takeover. The bidder shall, without undue delay, publish information that such decision has been adopted or that the bid obligation has arisen. Both voluntary and mandatory takeover bids are made by publication of a so-called bid document which is addressed directly to the owners of participating securities issued by target company. The bidder must submit a draft bid document to the Czech National Bank ("CNB"). In case of a voluntary takeover bid, the bidder may publish the bid document unless the CNB forbids the publication of the takeover bid. In case of a mandatory takeover bid, the bidder may publish the bid document only with prior consent of the CNB. Prior to its publication, the bidder must deliver the bid document to the board of directors and to the supervisory board of the target company. Afterwards, the bidder may publish the bid document respecting the detailed statutory rules on the publication.
Are there any mandatory bid obligations in your jurisdiction?	Under Section 35 et seq. of the Takeover Act, the mandatory takeover bid follows up after some entity acquires at least 30% share of all votes related to the participating securities issued by the target company and concurrently controls (independently or with cooperating entities) a target company. Such entity must make a takeover bid to all of the owners of the participating securities of the target company which are admitted to trading on a regulated market in the Czech Republic. The Takeover Act also governs a collective bid obligation that arises for one or more cooperating entities as a result of the formation, change or dissolution of a group of cooperating entities in which the relevant entity participates or has participated. There are several exemptions from the takeover bid obligation. The fundamental exemption is when an entity (or a group of cooperating entities) acquires at least 30% share but, however, does not have a control over the target company. Further, the Takeover Act stipulates for example that the takeover bid obligation does not apply to the following entities: 1 an heir of a person who has fulfilled the takeover bid obligation, 2 an entity which acquired at least 30% share as a result of a transfer of the participating securities between the member of one group, 3 an entity which acquired at least 30% share as a result of an unconditional and unlimited takeover bid.
Are hostile bids allowed? If so, are they common?	The Czech legal regulation does not distinguish between hostile and "non-hostile" takeover bids and accordingly, hostile takeover bids are therefore not prohibited by law. However, whether or not it is a hostile takeover bid is irrelevant from the point of view of the application of the statutory regulation.
Are there rules on maintaining secrecy until a bid is made?	The Takeover Act contains only a brief regulation of the confidentiality duty as it is only complementary to the insider protection duties under capital markets legislation which in most cases are applicable concurrently. According to the Takeover Act, the bidder must ensure that there is no premature and unequal spreading of information that the bidder is considering or has embraced the intention to make a takeover bid or take

	steps that will result in a mandatory takeover bid. The bidder must also instruct all entities who perform activities related to the takeover bid for the bidder on their duty of confidentiality and on the prohibition on the use of inside information. These duties also apply mutatis mutandis to the target company and to entities who have become aware of previously undisclosed information from the bidder or the target company. The bidder is obliged to prematurely publish (and inform the CNB on) its intention to make a takeover bid or to act in such a way that it will incur a bid obligation in case there are significant fluctuations in the exchange rate or if conjectures or speculations arise regarding a possible takeover bid. However, said obligation will only arise if it can be reasonably assumed that the speculations or exchange rate fluctuations relate to the preparations or the considerations of the bidder regarding the takeover bid or the acquisition of a share in the target company. If the bidder publishes its intention to make a takeover bid or to act in such a way that the bid obligation will arise, a “put up” or “shut up” deadline automatically commences as a result of which the bidder must announce a formal bid within 90 days. If the bidder does not do so, the bidder or the entities cooperating with the bidder may not make a takeover bid regarding the respective target company for 1 year.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	The irrevocable undertakings are such undertakings by which the shareholders undertake to accept bidder’s takeover bid prior to the bid being made. Such undertakings are not expressly regulated (therefore, they are not prohibited) by the Takeover Act. However, such undertakings are generally not common.
What restrictions are there on target companies creating ‘poisoned pills’ or undertaking other frustrating action?	The Takeover Act imposes restrictions on frustrating actions upon the members of the board of directors and of the supervisory board of the target company. From the moment when the members become aware of facts from which it may reasonably be assumed that a takeover bid will be made, the members: 1 must not take measures which may cause the addressees of the takeover bid not to have the opportunity to make a free and informed decision on the takeover bid, 2 must refrain from anything that might frustrate the takeover bid until the results of the takeover bid have been published. This shall not apply if such specific action is approved by the general meeting of the target company at the time the takeover bid is binding, or the target company fulfils the duties laid down by law, or if it is the ordinary operation of the business. The Takeover Act expressly allows the members to take the necessary measures to seek a competing takeover bid even without consent of the general meeting. Competing takeover bid may also be made by the members. However, members of target company’s bodies may implement some defence mechanisms against unsolicited takeover bids which would be compliant with their duty to act with due care prior to the moment it may be reasonable to assume that any takeover bid may be made.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	An agreement between the bidder and the target is, in general, not prohibited by the Takeover Act. The Takeover Act stipulates the right of the bidder to inform the target company on its intention to make a takeover bid or to act in a way which will result in its obligation to make a takeover bid prior to such information being published and the bidder is entitled to negotiate with the target company.

Regulation of Public Takeovers	
	However, the duty of neutrality of members of the board of directors and of the supervisory board of the target company must be always taken into account under which the members shall not take measures which may cause the addressees of the takeover bid not to have the opportunity to make a free and informed decision on the takeover bid.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	In case of a voluntary takeover bid, the bidder may make a partial takeover bid. In such a case, the bidder may specify in the bid document a maximum number or otherwise specified maximum amount of participating securities to which the takeover bid relates. If the takeover bid is accepted on a larger scale, the bidder must satisfy the entities who accepted the takeover bid on a pro rata basis. The Takeover Act permits in general to include any suspensive condition in the voluntary takeover bid provided that its fulfilment does not depend on the discretion of the bidder or the entity cooperating with the bidder. However, if such entity (entities) may affect the fulfilment of a condition, they shall perform all that may be reasonably required of them for its fulfilment. The most common condition is the so-called minimum acceptance condition under which the bidder sets a minimum number, or an otherwise defined minimum quantity, of participating securities, the acquisition of which is a condition for the takeover bid to be successful.
Are there any restrictions on the foreign ownership of shares?	Neither the Takeover Act nor any other legal regulation of the Czech Republic prohibits the foreign ownership of shares; however, specific regulation may apply, such as regulation on investment screening. The Takeover Act even assumes that the bidder can be a foreign entity (which is domiciled or established outside the Czech Republic), when it establishes the duty to appoint a representative according to the statutory rules, in particular for receiving correspondence, unless the bidder has an organisational unit established in the Czech Republic.
Are there requirements for the target to inform or consult its employees about the offer?	Yes, the board of directors of the target company (and the bidder also) must inform trade unions, works council or other employee representative ("employee representatives") and, if there are none, they must inform the employees themselves on the following: 1 publication of the decision of the bidder's bodies to make a takeover bid or the bidder's final decision to initiate the steps immediately leading to a takeover if the bidder is a natural person, 2 information provided by the bidder to the target company on the bidder's intention to make a takeover bid or to act so that the takeover bid obligation of the bidder arises, 3 publication of the takeover bid. The board of directors of the target company provides copies of documents which it received in relation to the envisaged takeover bid, to the employee representatives or employees and informs them of their right to take their statement to the takeover bid. The board of directors also provides them with the statement to the takeover bid jointly prepared by the board of directors and the supervisory board.
What form does the consideration usually take?	Pursuant to the Takeover Act, the consideration (in case of both voluntary and mandatory takeover bid) may be monetary or in a form of securities, or both methods may be combined. However, the monetary consideration is usually offered. In case of a mandatory takeover bid, there is specific additional regulation of the consideration to be complied with.

Regulation of Public Takeovers	
What power does a bidder have to squeeze out minorities on a successful takeover?	The squeeze out regulation is contained in the Business Corporations Act and applies to situations when a bidder owns shares of a target company: 1 the aggregate nominal value of which represents at least 90% of the registered capital of the target company for which shares with voting rights were issued, and 2 to which at least a 90% share of the voting rights in the target company is attached. If both conditions above are met, the bidder is entitled to request that a general meeting of the target company is convened and a proposal for the transfer of all remaining shares of the target company to the shareholder be submitted to the general meeting for decision. The consent of at least 90% of votes of all shareholders and a prior consent of the CNB (as the target company's securities are admitted to trading on a European regulated market) shall be required for the decision of the general meeting to be adopted. The ownership right to the remaining shares of the target company is transferred automatically (by law) to the bidder one month after the publication of the entry of the general meeting's resolution in the Commercial Register.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	Under the Takeover Act, any bidder or entities cooperating with the bidder will not be able to make another takeover bid for the same target company for at least 1 year following the expiry of the binding period of the takeover bid. The prohibition to make a bid does not apply to mandatory takeover bids or competing takeover bids. The same prohibition to make a bid applies in the following cases: 1 in case the bidder publishes its intention to make a takeover bid or to act in such a way the bid obligation will arise and does not announce a formal bid within 90 days; 2 in case the bidder's conduct gave rise to reasonable expectations of the investing public that the bidder intends to make a takeover bid and the bidder does not publicly deny the allegations and does not announce a formal bid within 90 days; 3 in case the bidder publicly announces that it will neither make a takeover bid, nor act in a way that the bid obligation will arise.
What action is required to delist the target?	The rules on delisting of securities will depend on the regulated market on which the securities are traded. The rules on delisting of securities if the issuer is governed by Czech law are as follows. Pursuant to the Business Corporations Act and Act No. 156/2004 Coll, on Capital Market Business, the general meeting of the target company (the consent of at least 75% of the votes of present shareholders holding the concerned shares is required) may decide on delisting participating securities from regulated market(s) which must be notified by the target company (as the issuer) to the CNB and the organiser of the regulated market on which the securities are admitted to trading and published on the target company's website. When delisting the securities, the target company must also comply with the rules of the exchange on which the target company is listed. The Business Corporations Act stipulates that in case the bidder acquires participating securities based on squeeze out (therefore the bidder becomes sole shareholder of the target company), the

	participating securities are delisted from the Czech regulated market as of the day of the transfer of ownership right to such securities.
Are there any transfer taxes on the sale of shares in the company?	No. Based on Czech tax legislation there is no transfer tax applicable in the case of sale of shares in company. In general, the tax treatment for selling shareholders in the target will depend on their own particular status and circumstances and on the form of consideration. Any gain from the sale of shares is taxed at the standard 19% Czech corporate income tax rate in the hands of the seller. The taxable gain is then determined as income generated from the sale of shares, less their tax residual value. Participation exemption provided by Czech tax law is available provided that certain statutory requirements are met. The sale of shares in company is not subject to Czech VAT.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The Takeover Act stipulates 7 overriding principles which must always be adhered to, and other provisions of the Act must be construed in accordance with these principles: 1 equal treatment of all owners of the participating securities of the target company (“target shareholders”) to which the same rights are attached when making a bid, 2 protection of the target shareholders against the shareholder controlling the target company, 3 the addressees of the takeover bid must be given sufficient time and information so that they are able to make an informed decision on whether to accept the takeover bid, 4 a target company’s board of directors or supervisory board must act in the best interests of the company as a whole; however, their action must not frustrate the target shareholders’ opportunity to decide on whether they accept the takeover bid, 5 the takeover bid must not distort the market in the securities of the target company, the bidder or any other company so as to artificially affect their exchange rate or disturb the standard functioning of the market, 6 the bidder may publish its intention to make a takeover bid only after it has secured the full consideration (monetary or non-monetary) to be provided to the addressees, 7 the target company must not be unduly restricted in its business activities by the takeover bid.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Confidentiality and duties relating to regulated markets – the bidder must be aware of the duty of confidentiality and other duties connected with the rules of capital market business since it is highly regulated area and their breach may be sanctioned with significant penalties, 2 Announcement duties – the bidder shall always bear in mind the rather strict announcement duties, in particular to avoid making steps which shall result in premature announcement duty or in “put up” or “shut up” rules resulting in the prohibition to make a takeover bid for a year as the worst-case scenario, 3 Preparation – the bidder should always very thoroughly prepare the bid document, because it must be submitted to the CNB (which might prohibit its publication or not grant its consent) and since the

	document is published publicly and is therefore subject to scrutiny of public and possibly even of media.
Are there any proposals for reform of the applicable takeover rules?	No, there are currently no proposals to amend the Takeover Act or other applicable regulation.

Denmark

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	Public takeovers are regulated in Chapter 8 of the Danish Capital Market Act (the "**Act**") and the Danish Takeover Order (the "**Order**"), both implementing the Takeover Directive (2004/25/EC). The Danish Financial Supervisory Authority ("**DFSA**") is the supervisory authority of public takeovers in Denmark. The DFSA is responsible for the enforcement of the regulation as well as the daily supervision of all takeovers covered by the regulation. The DFSA is responsible for approving all (both voluntary and mandatory) bid documentation and assessing whether exemptions from the obligation to make takeover bids shall be granted (most relevant in situations where the target company is in financial difficulties).
To what situations do applicable takeover regulations apply in your jurisdiction?	The Act and the Order applies to any transaction pursuant to which a person or a company (together with any person acting in concert herewith) acquires "control" of a company covered by the Danish public takeover regulation. "Control" is defined as the direct or indirect possessing of 1/3 or more of the voting rights in a target company and/or control of 1/3 or more of the voting rights by virtue of an agreement (e.g., a shareholder's agreement). Furthermore, the power to control the financial and operating decisions of the target company under the articles of association or the power to appoint or remove a majority of the members of the board of directors constitutes control. The Danish takeover regulation applies to takeovers of target companies with shares admitted on a regulated market or an alternative marketplace in Denmark, e.g., companies listed on Nasdaq Copenhagen or Nasdaq First North. The regulation also applies to takeovers of companies with shares listed in another EU or EEA Member state if: (i) the initial listing took place in Denmark or (ii) the securities were listed at the same time on different markets and the DFSA were appointed as the supervisory authority by the target company.
What is the typical structure of a public takeover in your jurisdiction?	In Denmark, public takeovers are completed by way of contractual takeover. If the bidder wishes to acquire the 100% share majority, the contractual takeover can be combined with the Danish Company Act's rules on statutory squeeze-out/compulsory redemption of shares. As hostile takeovers are rare in Denmark, takeovers are normally coordinated with the target company's board of directors.
Are there any mandatory bid obligations in your jurisdiction?	Yes, following section 45 in the Act, a bidder (or any person acting in concert with it) that has acquired 1/3 or more of the voting rights in a target company shall make a mandatory offer to all the remaining shareholders to sell their shares on identical conditions. The obligation does not apply if a voluntary takeover bid has been given prior to the acquisition. A voluntary bid is a bid made prior to the acquisition of "control" of a target company on which a bidder offers all shareholders in a target company to sell their shares. The exemption only applies if the bidder obtains more than 50% of the voting rights through the voluntary bid. In either scenario, the bidder must present to the shareholders an offer document (approved by the DFSA) prior to the release. The offer document must include a series of information such as the bidder's intention with the company and any intentions to let the target company pay dividends to the shareholders within 12 months after the takeover.

Regulation of Public Takeovers	
	The use of voluntary bids has several advantages. When making a voluntary bid, the bidder is free to fix the price (as long as all shareholders are offered the same price within the same class of shares), whereas the price in a mandatory bid must be equal to the highest price at which the bidder has purchased shares in the target company in the last six months. In addition, voluntary bids can be subject to conditions, provided the fulfilment or non-fulfilment is beyond the bidder's control. Mandatory bids must be unconditional.
Are hostile bids allowed? If so, are they common?	Hostile bids are allowed even though they are rare in Denmark. This is partly because of the lack of information prior to the acquisition, which complicates the due diligence of the target company as the bidder has to rely on publicly available information. Furthermore, the bidder risks being left with minority shareholders, provided the bidder is not able to acquire more than nine-tenths of the share capital, making it possible to squeeze out the remaining shareholders.
Are there rules on maintaining secrecy until a bid is made?	A takeover of a target company can be conducted in confidentiality, provided that the parties can agree and maintain confidentiality (e.g., through a Non-Disclosure Agreement). The Danish takeover regulation requires the bidder to disclose when the takeover becomes a reality (i.e., when the bidder obtains more than 1/3 of the voting rights or when the decision to make a voluntary bid has been taken) which thereby sets the latest date on which the takeover can be confidential. If any information on a planned takeover is somehow leaked to the public, the target company may be forced to comment on whether it is involved in takeover negotiations. The target is, however, not obliged to reveal the identity of the bidder, and the bidder is not required to disclose its identity until the time when the takeover is a reality. It is advisable to restrict the target company's ability to disclose the identity of the bidder via non-disclosure agreements.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	Yes. Bidders often seek to obtain irrevocable undertakings from key shareholders prior to launching a takeover. The DFSA approves the usage of irrevocable undertakings. The bidder must, however, be careful when drafting the wording of such undertakings to ensure that there is no actual change of control at the time where the undertaking is accepted by the shareholder.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	There are no restrictions on target companies' usage of "poison pills" or similar measures, other than such measures must be in accordance with the Danish Company Act. Provisions that might limit the possibility of a takeover of a listed company must be listed in the annual report and justified at the ordinary general meeting, making it possible for the shareholders to discuss and possibly take actions to remove such measures. The most common provisions are voting caps, ownership restrictions, and share classes with different voting rights. Furthermore, contractual provisions such as extended termination periods in the event of a takeover are common.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	A Danish voluntary takeover is usually coordinated with the target's board of directors in the form of a co-operation agreement. Break fees are generally not accepted by target boards, as directors are not permitted to fetter the future exercise of their discretion. Break fees are not specifically regulated but, in view of general legal principles, such as the principle that directors are not permitted to fetter the future exercise of their discretion, break fees tend not to be accepted by target boards.

Regulation of Public Takeovers	
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	As mentioned above, voluntary offers can be subject to conditions, provided that the fulfilment of the condition can be assessed objectively and provided that fulfilment or non-fulfilment is beyond the bidder's control. Common conditions are: 1 obtaining more than nine-tenths of the votes and the capital of the target company 2 obtaining the necessary approvals from public authorities (e.g., merger approval) 3 no material adverse change to the target's business The offer period must be at least four weeks and no more than ten weeks. However, if approval from public authorities is required, the offer period may be extended for up to nine months from the time when the offer document was published.
Are there any restrictions on the foreign ownership of shares?	With the newly adopted Investment Screening Act on foreign direct investment (the "Screening Act"), foreign bidders must consider whether they are obliged to obtain approval from the Danish Business Authority or if they merely can choose to do so (opt-in). The Screening Act operates with two types of screening mechanisms: • a sector-specific, mandatory approval scheme for investments in sectors assessed as particularly sensitive in relation to national security or public order such as defence, weapons, IT and cyber safety as well as critical infrastructure. • a cross-sectorial, non-mandatory notification scheme in sectors other than those that are particularly sensitive. The Screening Act sets out threshold values before the requirements apply. The thresholds are: (i) the direct or indirect acquisition of 10% of shares or voting rights for the sector specific (mandatory) scheme and (ii) 25% of shares or voting rights for the cross-sectional (non-mandatory) scheme. If a foreign investment is covered by the mandatory screening requirement, the foreign investor must apply in advance for permission to conclude the transaction. Within 60 business days from the submission of the application, the Danish Business Authority must inform the foreign investor of whether the permission is granted. If a foreign investment is not covered by the mandatory screening requirement, a foreign investor can choose to submit an application to the Danish Business Authority if the investment may pose a threat to national security or public order. By doing so, the foreign investor cuts off the Danish Business Authority's ability to conclude examination (for up to 5 years after the investment) and thereby their ability to roll back the investment.
Are there requirements for the target to inform or consult its employees about the offer?	There is no requirement for the target to consult with employees regarding an offer. However, the target board is obliged to present its position on the bidder's strategy for the company and the expected impact on employment to the employee representatives. This allows for the representatives to provide and make public (through the target board) a statement on this impact. The employee representatives generally do not make use of this possibility.
What form does the consideration usually take?	Under the Danish takeover rules, consideration can be offered by way of cash, shares or a combination thereof. Mandatory offers must include a cash alternative if the shares are not freely tradable on a regulated

	market, or if the bidder has acquired 5 % or more against cash payment within six months prior to the bid. If the bidder wishes to squeeze-out minority shareholders in accordance with the Danish Company Act, cash consideration must be offered. A bidder making a cash offer must document that it has sufficient cash resources available to satisfy the acceptance of the offer. No formal requirements exist on how to document this. In practice, the requirement is met by the bidder's conclusion of a committed loan agreement combined with its fulfilment of most of the condition precedents by the time the offer is made. Alternatively, the loan agreement can be concluded on so-called "certain funds" conditions, which gives the bidder a much higher degree of certainty that the loan can be disbursed when called for.
What power does a bidder have to squeeze out minorities on a successful takeover?	Section 70 in the Danish Company Act allows a majority shareholder of more than nine-tenths of the shares, and a corresponding share of the votes, to demand the redemption of the remaining minority shareholders. This is the only non-voluntary way to obtain the entire share capital.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	No. There is no such limitation under Danish law.
What action is required to delist the target?	The requirements for a delisting depend on the rules of the exchange on which the shares are traded. According to Nasdaq Copenhagen's issuer rules, a company may be granted a delisting from Nasdaq Copenhagen if: • The resolution to remove shares from trading must follow a valid resolution adopted by the general meeting of shareholders, passed by at least 90% of the votes cast as well as at least 90% of the share capital represented at the general meeting. • Notice of the general meeting must be disclosed with an agenda setting out the proposed resolution to remove the shares from trading. The main content of the proposed resolution must be stated in the notice and contain a description of the consequences that the removal of shares from trading may have for the shareholders. • The issuer must ensure that the shareholders are offered the ability to dispose of their shares in the issuer for a period of at least four weeks after Nasdaq has approved the issuer's request for removal from trading. The shareholders must be offered a reasonable level of compensation in return for the disposal of shares. The terms for the disposal must be the same for all shareholders and stated in the notice of the general meeting. Nasdaq has, in exceptional circumstances where the requesting issuer is in financial distress, the authority to waive one or more conditions.
Are there any transfer taxes on the sale of shares in the company?	There is no VAT or transfer taxes due on the sale of shares in Denmark. There is, furthermore, no stamp duty on the transfer of shares.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The general principle of equal treatment requires the equal treatment of all shareholders. The principle entails that if open market purchases are made on more favourable terms (i.e., price), the same must be offered to the shareholders included in the offer. This also applies to purchases made in a period of six months after the announcement of the closing of the offer, cf. the highest price principle.

Regulation of Public Takeovers	
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	The most important things are: • Obtaining the support of the target board, as well as major shareholders of the target company • Clear strategy and objective Understanding the obligations set down in the takeover regulation, etc.
Are there any proposals for reform of the applicable takeover rules?	The DFSA is constantly reviewing its practice and publishing guidelines, etc. At the moment there is, however, no proposals to amend the applicable Danish rules.

Finland

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	In Finland, the regulatory framework for public takeovers is set out in different regulations and divided between different authorities. The primary regulation is found in the Finnish Securities Market Act (the "**Act**"), implementing the requirements of the EU Takeover Directive (2004/25/EC). Further, the Finnish Financial Supervisory Authority ("**FIN-FSA**") has issued its own regulation and guidelines concerning takeover bids and mandatory bids (no. 9/2013) and the Finnish Securities Market Association has published the Helsinki Takeover Code ("**Code**"). The Code is meant to supplement the legislation applicable to public takeover bids, and therefore the Code shall be applied and interpreted in accordance with the objectives and provisions of the Act. The provisions concerning public takeover bids are included in Chapter 11 of the Act, which regulates both voluntary and mandatory bids. The provisions apply to a bid that is made for securities that are publicly traded in Finland on a regulated market, or which give title to such securities. In certain respects, the provisions of the Act also concern bids for securities that are publicly traded in another state within the European Economic Area on a regulated market, where these securities have been issued by a company registered in Finland. The provisions of the Act relating to public takeover bids are partly applied also when making bids for shares that are publicly traded in Finland within the multilateral trading facility upon the issuer's application. The Takeover Board, established by the Board of the Finnish Securities Market Association, is responsible for providing recommendations on the practices related to takeovers, mergers, and acquisitions. An application can be made to the Takeover Board for a statement regarding interpretation of the Code, compliance with good securities markets practice as well as individual company law issues related to takeovers, mergers, or acquisitions. The Takeover Board can provide a statement of recommended practice concerning any individual case. The statement may be requested by any party of the case, an attorney or other advisor to such party, state authority or any other party of interest.
To what situations do applicable takeover regulations apply in your jurisdiction?	Finnish takeover regulation applies to any situation in which a bidder invites shareholders of a public company to sell all or some of the shares to the bidder (a takeover bid). With respect to such takeover bids, references to shares also apply to any convertible securities, warrants, subscription rights and other equity-related transferable securities entitling their holder to subscribe for shares that have been listed on a regulated market. The Code further applies to mergers and merger-like processes substantially comparable to takeover bids. The rules apply to mergers involving both Finnish and non-Finnish targets, provided that they are listed in Finland.
What is the typical structure of a public takeover in your jurisdiction?	A takeover bid, where the bidder makes an offer to acquire the target company's shares and the target's shareholders are asked to accept the offer on an individual basis, is the most common transaction structure in Finland. Statutory mergers or demergers are also not entirely uncommon in Finland. In relation thereto, the shareholders of the target and acquiring company are asked to vote on a merger or demerger plan prepared by the boards of the bidder and the target, respectively. The merger or demerger consideration can consist of either shares in the

	acquiring company or a combination of shares and cash. In a statutory merger, the acquiring company and the target become one company, resulting in the target shareholders becoming shareholders in the acquiring company. Cross-border mergers between companies registered in EEA member states are allowed.
Are there any mandatory bid obligations in your jurisdiction?	The Act stipulates that a shareholder, whose proportion of voting rights increases to over 30% or to over 50% of the votes attaching to the shares of the offeree company after the share of the offeree company has been admitted to trading on a regulated market, shall launch a takeover bid for all other shares issued by the offeree company and for securities entitling thereto issued by the offeree company (mandatory offer). However, a mandatory offer is not triggered by acquiring rights to purchase shares. Actions by the target company causing a shareholding below 30% or 50% of the votes to reach such threshold do not trigger any mandatory offer. Any subsequent acquisition by the relevant shareholder would however subsequently trigger a mandatory offer.
Are hostile bids allowed? If so, are they common?	Hostile bids are allowed in Finland, although they are very uncommon as the shareholder structure of Finnish companies often include institutional investors holding significant stakes. This results in a low probability of a hostile offer being successful. The target board must always act in the interest of the shareholders in the situation of a takeover bid. In the situation of a hostile offer, target boards should typically invite parties to make competing offers following rejection of an original bid. In a takeover situation, the target board is obliged to consider all options and, where necessary for this purpose, take actions the board considers being in the shareholders' interests.
Are there rules on maintaining secrecy until a bid is made?	Parties must restrict access to non-public information about a potential bid as such information typically constitutes inside information pursuant to the EU Market Abuse Regulation (596/2014). Listed companies can typically delay disclosure of inside information regarding a potential takeover bid and are obliged to take steps to ensure that there is no leakage of information. A "possible offer announcement" may be made public in the event of a leakage of information. This announcement must clearly state that it is not a formal announcement of an offer, the reason as to why it is being announced and when a formal announcement can be expected.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	It is common for the bidder to seek irrevocable undertakings from key shareholders of the target company before making an offer. In case there is a higher competing offer, the shareholders are usually able to terminate their undertaking and accept the higher bid. An announcement of the bid and the related documentation must contain information about the extent to which the bidder has received irrevocable undertakings.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	The board of a company is typically prohibited from conducting aggressive defence mechanisms as the target board has a fiduciary duty towards the shareholders and they have to analyse merits of the bid impartially from the perspective of all shareholders. It is however possible for a target company to try to solicit an alternative bidder (a "white knight") to make a rival bid or to acquire a large shareholding. Under the Act, actions by the management or board of directors in the target potentially construed as frustrating a public takeover bid can usually be taken only with a prior approval from the general meeting.
On recommended deals, is it common to have an agreement	In Finland it is typical to have a combination agreement in place between the bidder and the target on recommended. So common issues that need

between the bidder and the target? Is it common for there to be a break fee?	careful consideration when considering combination agreements include the following deals. 1 The target board would typically see to ensure that the combination or transaction agreement does not prevent the board from acting in the interests of the shareholders, for example, in the event of a competing bid or when the circumstances otherwise change substantially. The board may, among other things, commit to issuing its possible recommendation regarding the bid with the qualification that the board retains the opportunity to examine any potential competing bid and, if necessary, to amend or withdraw its recommendation. It is also advisable that the board of directors ensure that the combination or transaction agreement shall not unreasonably limit the conducting of the business of the target company during the validity of the agreement. 2 The board of directors of the target company should be cautious in agreeing to pay any 'break-up fee'. The break-up fee is defined as an arrangement where the target company and/or the offeror promises to pay the offeror and/or the target company a certain pre-agreed compensation in case the bid is not completed because of certain pre-defined reasons. The break-up fee may be agreed upon in the combination or transaction agreement between the parties or otherwise. 3 Without a justified reason, the board of directors of the target company shall not make, on behalf of the company, such commitments that would limit the ability of the shareholders to consider freely whether they want to accept the bid or decide on possible measures for frustrating the bid in a general meeting convened for this purpose.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	There are several customary conditions regularly attached to an offer, including: • Conditions relating to the target's shareholders accepting the offer to such an extent that the bidder becomes the owner of shares in the target company representing more than 90% of the total share capital. There is however no mandatory minimum level. • Conditions relation to all approvals and decisions necessary to complete the offer being granted, in each case on terms which the bidder deems acceptable. • Conditions relating to the target's business, such as that no circumstances have occurred which could have a substantial adverse effect or reasonably be expected to have a such an effect on the target's sales, earnings, liquidity, equity, or assets. Likewise, that no information made public or disclosed by the target to the bidder is inaccurate, incomplete, or misleading, and that the target company has made public all information required to be made public. • Conditions relating to that neither the offer nor the acquisition of the target is rendered impossible or significantly hindered as a consequence of legislation, other regulation or court or authority rulings. • Conditions relating to the target board having issued its recommendation that the shareholders of the target accept the bid. • Conditions relating to the combination agreement not having been terminated and remaining in force.

Regulation of Public Takeovers	
	• Conditions relating to the undertakings of the target major shareholders to accept the bid remaining in force.
Are there any restrictions on the foreign ownership of shares?	Finnish Ministry of Economic Affairs and Employment monitors foreign corporate acquisitions and serves as national contact point for the EU screening regulation. The authorities can exercise control over the ownership of companies considered essential in terms of the security of supply and national security and, if necessary, restrict foreign ownership in such companies. In practice, key national interests mainly refer to: • military national defence; • functions vital to society (including safeguarding critical infrastructure and security of supply); and • national security and public order. Pursuant to applicable rules, corporate acquisition refers to activities as a result of which a foreign owner gains control of: • at least one tenth; • at least one third; or • or at least one half of the aggregate number of votes conferred by all shares in the company, or a holding that otherwise corresponds to decision-making authority in a limited liability company or other monitored entity.
Are there requirements for the target to inform or consult its employees about the offer?	There is an obligation for both the target and the bidder to inform all of its employees of the takeover bid and the recommendation to the shareholders in relation to the offer. The information must be provided as soon as the offer has been published. The target does not have any consulting obligations. However, the employment-related aspects of the transaction must be described in the offer document to be published.
What form does the consideration usually take?	Takeover bids can typically consist of cash, shares or a combination thereof. However, in statutory mergers, the merger consideration cannot consist of only cash, and therefore consists of either shares in the bidder or a combination of shares and cash. A majority of the public tender offers conducted in the Finnish market are cash offers.
What power does a bidder have to squeeze out minorities on a successful takeover?	If the bidder directly or indirectly holds 90% of the share capital, the bidder can force the other shareholders to sell their shares, typically at the price offered in the takeover bid. This type of squeeze-out procedure is subject to the same rules and procedures that would otherwise apply to a stand-alone procedure outside the framework of a voluntary or mandatory public takeover bid. The minority shareholders have a corresponding right to force redemption of their shares.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	There is no such restriction in Finland. However, the FIN-FSA may, on application by the target Board, set a time period for a person who has contacted the target company or its shareholders with an intention to launch a takeover bid or made public that he is planning to launch a takeover bid, by which time period the person shall either make public a takeover bid or notify that he will not launch a takeover bid. If the takeover bid is not disclosed by the time period set or if the person subject to the time period makes a public notification to the effect that he will not launch a takeover bid, the person subject to the time period or a person acting in concert may not launch a takeover bid within six months following the end of the time period or the public notification.

Regulation of Public Takeovers	
What action is required to delist the target?	Whether a target can be de-listed depends on the size of the shareholding acquired by the bidder. In the event that the bidder owns more than 90% of the shares in the target, the bidder will typically initiate a squeeze-out procedure for the remaining shares and ask the stock exchange to de-list the target once the bidder receives advance title to the remaining shares in the target, typically within 4-6 months after commencement of the squeeze-out proceedings.
Are there any transfer taxes on the sale of shares in the company?	There is no transfer tax on the sale or purchase of shares in a public company listed in Finland. This applies to the execution trades relating to a public tender offer as well.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	There are a few general principles that underpin the interpretation of Finnish takeover regulation. The most important of these are (1) all target shareholders must be treated equally, (2) the target board must act in the best interests of the company as a whole as well as in the interest of the target shareholders (3) a bidder may only announce a takeover bid when it has sufficient resources to fulfil its obligations, (4) the bidder may not, with its own actions, frustrate or materially impede the implementation of a takeover bid and the terms set on its realisation, and (5) the business of the target must not be restricted by an announced takeover bid for any longer than is reasonably required.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Preparation – takeover processes can be very dynamic and may include aspects by no means anticipated at the outset. It is therefore essential for a successful takeover bid to meticulously prepare each step of the process, and to identify at an early stage the critical factors for a successful bid. 2 Irrevocable undertakings – the purpose of every takeover bid is to achieve sufficient acceptance of the bid by target shareholders. Consequently, takeover bids where target shareholders have agreed in advance to accept the bid are significantly more likely to be successful than those where this is not the case. 3 Advisers – for most bidders, takeover processes are not something done often. For a successful takeover bid, it is therefore critical to engage advisers with the experience and expertise to plan, prepare and execute the takeover bid.
Are there any proposals for reform of the applicable takeover rules?	In 2021, the Finnish Securities Market Association set up a working group to revise the Helsinki Takeover Code. The new code is expected to enter into force later in 2022. The new code will specifically take into account the provisions of the EU Market Abuse Regulation and the Shareholders' Rights Directive II as well as recent Finnish market practise. The new code will be applicable also to tender offers made in the multilateral trading facility Nasdaq First North Growth Market Finland.

France

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	In France, the main sources of takeover regulations are (i) the General Regulation issued by the AMF (*Autorité des Marchés Financiers*), which sets out the main rules, principles and procedure governing tender offers, buy-out offers and squeeze-out, (ii) the French Commercial Code, which contains rules relating to defensive measures and disclosure requirements, and (iii) the French Monetary and Financial Code, which contains provisions on insider trading and market abuse. The AMF, which is an independent administrative authority, regulates and supervises public takeovers through its General Regulations. It has the power to review public tender offers in view of applicable legal and regulatory requirements and approve (or reject) such offers accordingly. Appeals made against the decisions of the AMF in the context of a takeover may be brought before the Paris Court of Appeal.
To what situations do applicable takeover regulations apply in your jurisdiction?	The French takeover regulations apply to target companies (i) having their registered office located in France and their securities traded on a French regulated market, (ii) having their registered office in the EEA, provided that their securities are not traded on a regulated market in their country of origin and were first listed on a French regulated market, (iii) having their registered office in the EEA, provided that their securities were initially listed simultaneously on different regulated markets within the EEA and to the extent the AMF has been designated as the competent authority by the issuer, and (iv) save in respect of mandatory offers and squeeze-outs, companies having their registered office outside the EEA and their securities traded on a French regulated market. Such regulations do not apply to target companies whose securities are not listed on a regulated market within the EEA, even if they are incorporated in France. French takeover regulations also apply to mandatory offers, buy-out offers and squeeze-outs if the securities of the target are traded on a non-regulated market such as Euronext Growth.
What is the typical structure of a public takeover in your jurisdiction?	The most frequent way to obtain control of a public company is to proceed with an offer to acquire the shares held by the target company's shareholders, in the context of a voluntary offer or a mandatory offer (see below). Such offer may be carried out upon completion of an off-market block trade. Alternatively, statutory mergers or asset contributions may be used, even if these kind of structures are more often carried out in the context of intra-group transactions.
Are there any mandatory bid obligations in your jurisdiction?	Any person who, acting alone or in concert, comes to hold more than 30% of the equity securities or voting rights of a company listed on a French regulated market (50% if the target company is listed on Euronext Growth) must file a mandatory tender offer for 100% of the share capital and equity securities of the target company. In addition, should the target company hold more than 30% of the equity securities or voting rights of a French or non-French subsidiary (i) whose securities are traded on a regulated market within the EEA or an equivalent market outside the EEA, and (ii) which constitutes an essential asset of the target company, the initial offer shall be extended to such subsidiary. A mandatory offer is also required if a person holding between 30% and 50% of the equity securities or voting rights of a target company

	increases its holding by more than 1% within a period of less than 12 months ("acquisition speed limit"). The AMF may, under certain circumstances, grant exemptions to mandatory offer requirements.
Are hostile bids allowed? If so, are they common?	Hostile bids like Veolia's tender offer for Suez shares initiated in 2020 are not forbidden under French law, even if they are much less frequent than recommended offers – notably because deal protection measures and access to information are harder to implement.
Are there rules on maintaining secrecy until a bid is made?	Under French law, listed companies shall immediately disclose to the market any privileged information, which cover any non-public information of a precise nature which, if made public, would be likely to have a significant impact on the stock price. However, an issuer may postpone disclosure of privileged information if (i) such postponement is required to protect the company's legitimate interest, (ii) the non-disclosure is not likely to be misleading for the public and (iii) specific measures are taken to preserve the strict confidentiality of such information. Unusual stock price or trading variations, or rumours and speculations concerning an offer, may allow the AMF to require any person it believes is preparing a bid to publicly declare its intentions ("put up or shut up"). With regards to discussions between a potential acquirer and the target company and/or its shareholders, the existence and content of such discussions, together with the access to non-public information through the opening of a data room by the target company, are subject to the execution of a non-disclosure agreement and a letter of intent expressing a real interest ("*intérêt sérieux*") of the bidder in implementing a tender offer. A list of insiders shall also be prepared by the parties to be communicated to the AMF upon request.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	In order to secure the success of an offer, a potential acquirer may seek from key shareholders an undertaking to tender their shares in the context of the offer. Such undertaking shall be disclosed in the offer prospectus if they are entered into prior to the offer. To ensure the enforceability and validity of these undertakings, it is common practice to provide that they will cease to apply in case of a higher competing offer, provided that the concerned key shareholders share with the initial bidder, as a break fee, a part of the financial gain resulting from the thwarted offer and the higher competing one.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	The board passivity rule provided in the Directive 2004/25/EC on takeover bids, preventing the board of directors to undertake any defensive measure that would jeopardize an unsolicited offer, has been abandoned under French law since 2014. As a consequence, unless the shareholders of the target company have reintroduced such rule in the articles of association prior to the offer, the board of directors has the widest powers to attempt to defeat a hostile offeror, provided that the decisions of the directors (i) are not detrimental to the corporate interest ("*intérêt social*") of the target company, which includes not only the shareholders' interests but also those of the different stakeholders of the company (e.g. business partners or employees), and (ii) comply with the main general principles governing takeover regulations set out in the General Regulation of the AMF (see below).
On recommended deals, is it common to have an agreement	It is common practice for bidders contemplating a recommended tender offer to enter into a tender offer agreement with the target company

between the bidder and the target? Is it common for there to be a break fee?	covering the terms and conditions of the offer, including the process of the offer, treatment of the different securities issued by the company (stock options, free shares, warrants, etc.), the evolution of the corporate governance of the target company to be implemented upon completion of the offer, etc. Such agreement shall be disclosed in the offer prospectus. With regards to break-up fees, they are quite rare in practice as the enforceability of such mechanism may be challenged on the basis of the provisions of French labour law relating to the consultation procedure of the works council, or because their compliance with the target company's corporate interest is not demonstrated. In any case, the break-up fee shall not be of an amount likely to render a competing offer impossible, in accordance with the general principle of free interplay of offers and counteroffers.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	As a general principle, tender offers shall be irrevocable upon filing of the offer prospectus and may not be subject to any condition. The bidder shall support its offer upon filing with a letter signed by an underwriting bank ("*banque présentatrice*") guaranteeing the irrevocable nature of the offer. However, an offer may be withdrawn or lapses automatically under the following circumstances: (i) the anti-trust clearance of the transaction is not obtained or requires in-depth examination (e.g. Phase II investigation by the French Competition Authority or the European Commission), (ii) the bidder does not reach the minimum acceptance condition of 50% of the equity securities or voting rights of the target company upon completion of the offer, (iii) with regards to voluntary offers only, the bidder does not reach a minimum acceptance threshold indicated in the offer prospectus and authorized by the AMF (in practice, the maximum accepted by the AMF is set at 2/3 of the equity securities or share capital of the target company), (iv) the offer is declared conditional on the success of a simultaneous offer on a different company by the bidder, (v) in case of an exchange offer, the offer is conditional upon approval by the shareholders' meeting of the bidder of the issuance of the shares to be transferred to the target company's shareholders in exchange for their own shares, or (vi) in the event of a competing bid on the target company. In addition to the above-mentioned conditions, the bidder may also withdraw the offer, subject to the approval of the AMF, if the target company carries out specific actions which alters its substance during the offer period. Any condition shall be satisfied (or waived) before the end of the tender period. Otherwise, the offer will automatically lapse if such condition is not satisfied (or waived) by the closure of the offer. In practice, anti-trust pre-notification are filed with the competent authorities prior to filing of the offer, in order to anticipate any particular issue in this respect.
Are there any restrictions on the foreign ownership of shares?	The acquisition of interests by a foreign investor in a French company carrying out sensitive activities may require the prior approval of the Ministry of the Economy. The scope of the French foreign direct investment regime, which was initially focused on the defence sector, has been first extended in 2014 to strategic sectors including notably energy, transport, telecommunications, infrastructure, public health, or public safety. A decree dated 31 December 2019 further extended such scope to certain media, food, and technology industries. The opening of a public tender offer is subject to obtaining such approval, if applicable.

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Are there requirements for the target to inform or consult its employees about the offer?	With the exception of tender offers initiated by a person holding, alone or in concert, more than 50% of the equity securities or voting right of the target company when the offer is filed, the target company's works council shall be informed and consulted on the offer as soon as the target's CEO is aware of such filing or, should the offer be public prior to its filing with the AMF, within two business days of the announcement of the offer. The board of directors of the target company cannot issue an opinion on the offer, and the AMF cannot approve such offer, until the works council has delivered an opinion on the offer. The works council, which may be assisted by a financial expert (at the target company's expense), must deliver its opinion within one month of the filing. According to case-law rendered in the context of Veolia's tender offer for Suez shares, the works council shall also be informed and consulted prior to the acquisition by a third party of a major interest in the target company, especially if such acquisition is carried out with the aim of initiating a subsequent tender offer on the target.
What form does the consideration usually take and are there any specific requirements in relation to this (including any minimum consideration requirements)?	A tender offer may be submitted in the form of a cash offer, a security offer (including shares, warrants or convertible bonds, such offers being known as "securities exchange offer") or a mixture of both cash and securities ("mix-and-match"). However, if (i) the securities offered in exchange are not traded on a regulated market in the EEA, or (ii) the offeror, acting alone or in concert, has acquired more than 5% of the equity securities or voting rights of the target company for a cash consideration over a 12-month period before the filing of the offer, a cash alternative must be offered to the shareholders of the target company (given the aforementioned, a mandatory offer will generally be paid in cash or include a cash alternative). An independent expert shall be appointed by the target company to deliver a fairness opinion on the terms of any tender offer which is likely to raise a conflict of interest or compromise the equal treatment of shareholders of the target company (e.g., in case of agreements entered into between the offeror and the controlling shareholders or management of the target company which are likely to affect their independence). Specific rules apply concerning the consideration of the offer in case of (i) voluntary offer made by a shareholder of the target company already holding more than 50% of the equity securities of the target, (ii) competing offer, (iii) mandatory offer, (iv) buy-out offer or (v) squeeze-out.
What power does a bidder have to squeeze out minorities on a successful takeover?	If, following a buy-out offer or a tender offer (either voluntary or mandatory), a shareholder holds more than 90% of the equity securities and voting rights of a listed company, such controlling shareholder may initiate a squeeze-out procedure and acquire the shares of the minority shareholders of the target company on a compulsory basis. In practice, a squeeze-out is usually completed in cash, even though the minority shareholders could in theory be entitled to a payment in shares, should the previous tender offer be a 100% securities exchange offer. The consideration shall be at least equal to the one proposed to the shareholders in the context of the prior buy-out offer or tender offer. An independent expert shall deliver a fairness opinion on the financial conditions of the squeeze-out. On the day of the squeeze-out, the consideration for the shares held by the minority shareholders is deposited in an escrow account, and their

	shares are automatically transferred to the controlling shareholder. The shares of the company are then de-listed (see below).
If a bidder fails to obtain control, is it then restricted from launching a new offer?	A bidder is not prevented from initiating a new offer or acquiring securities of the target company at any time after the results of an unsuccessful offer. Nonetheless, the failure of a bidder to reach the minimum acceptance condition of 50% of the equity securities or voting rights of the target company upon completion of the offer triggers the following consequences: (i) in respect of a mandatory offer, the bidder will be deprived of its voting rights for the portion exceeding the threshold that triggered the mandatory offer, and (ii) the bidder will not be allowed to acquire securities of the target company unless it informs the AMF and file a new tender offer for 100% of the share capital and equity securities of the target company.
What action is required to delist the target?	A delisting of the target company is usually carried out by Euronext Paris or Euronext Growth upon completion of a buy-out offer or a tender offer followed by a squeeze-out. The offer prospectus shall specify the intention of the offeror to implement the delisting of the shares of the target company.
Are there any transfer taxes on the sale of shares in the company?	The transfer of shares of a listed company incorporated in France whose market capitalisation exceeds EUR 1 billion as at 1 December of the year preceding the transfer is subject to a financial transaction tax (FTT) at the rate of 0,3% of the purchase price. There is no stamp duty payable to such transfer, provided that no deed has been entered into in connection with the acquisition of the shares.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The bidder, together with all the parties concerned by a public tender offer shall comply with the main general principles governing takeover regulations set out in the General Regulation of the AMF, namely: 1 free interaction of bids and counterbids, 2 equal treatment of the shareholders of the target company, meaning that all shareholders in the same situation must be treated in the same way, 3 market transparency and integrity: the shareholders of the target company shall decide whether to tender their shares or not on the basis of a fair, clear and comprehensive information 4 fairness of transaction and free competition: any offer shall be made in good faith, and all the parties concerned by a public offer (bidder, target company, minority shareholders, competent authorities, etc.) shall act in good faith.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	Aside from any legal or regulatory constraint which shall be taken into account when dealing with listed companies, any person considering a public offer should pay particular attention to (i) the management of privileged information, in order to mitigate the risk of leakage concerning the contemplated transaction, (ii) the structuring of the offer, in particular with respect to its financing, deal protection measures to be implemented - especially in the case of competing offers - or other conditions which shall be satisfied in order to complete the offer, and (iii) in respect of recommended offers, the quality of the due diligence to be performed on the target company prior to filing. As it is not common practice in France to grant the offeror with extensive representations and warranties - even in case of an off-market block trade carried out prior to the offer - due

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	diligence is often the only mean for the bidder to ascertain potential issues before filing an offer.
Are there any proposals for reform of the applicable takeover rules?	There are currently no proposals for the reform of French takeover regulations.

Germany

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	In Germany, public takeovers are mainly regulated by the German Securities Acquisition and Takeover Act (*WpÜG* or **Takeover Act**). Beside the Takeover Act, a potential bidder will have to take into consideration the regulations of the German Securities Trading Act (*WpHG*) and the Market Abuse Regulation (*MAR*), in particular with regard to the prohibition of insider trading, disclosure of inside information and market manipulation, as well has the regulations of the German Stock Corporation Act (*AktG*) which are also relevant for the scope of actions that can be taken by the bidder and the target company. The Federal Financial Supervisory Authority (**BaFin**) is responsible for supervising the compliance with the regulations listed above (other than the regulations of *AktG*). It has the authority to investigate possible violations, can impose fines for non-compliance and is responsible for approving prospectuses for the public offering of securities or the admission of securities to trading on a regulated market.
To what situations do applicable takeover regulations apply in your jurisdiction?	The regulations apply: 1. to offers for the acquisition of securities of a target company domiciled in Germany, whose securities are admitted to trading on an organized market in Germany, the Takeover Act applies in full; 2. to offers for the acquisition of shares of a target company domiciled in Germany whose securities are admitted to trading on an organized market in a European Economic Area (*EEA*) member state other than Germany, the Takeover Act applies only insofar as it regulates control, the obligation to make a bid and regulations deviating therefrom, the information of the employees of the target company or of the bidder, actions of the management board of the target company which could prevent the success of a bid, or other corporate law issues; and 3. to offers for the acquisition of shares of a target company domiciled in a EEA member state other than Germany, the Takeover Act applies only if either (1) the target company's securities are solely admitted to trading on an organized market in Germany or (2) the following three preconditions are fulfilled: (a) the target company's securities are admitted to trading on several organised markets in EEA member states (including an organized market in Germany) other than the seat of the target company, (b) the admission to trading in Germany was either the very first admission to trading or was granted at least simultaneously with the admission to trading in the other EEA member state and (c) the target company opted for BaFin as the competent supervisory authority. Conversely, that means: If the securities of the target company are not listed on an organized market within the EEA (for example, the company is unlisted or is listed only in the US), the Takeover Act does not apply even if the target company is domiciled in Germany. The Takeover Act also does not apply if the target company's shares are listed in Germany, but the target company is domiciled outside the EEA.
What is the typical structure of a public takeover in your jurisdiction?	The process begins with the bidder's voluntary decision or mandatory obligation to submit a bid (the latter is the case once the bidder has reached control over a target company, i.e., holds in aggregate 30% or more of the target company's voting rights). In such case, the bidder must immediately inform BaFin and the stock exchanges on which

	securities and derivatives of the bidder or the target company are admitted to trading. Subsequently, the decision or acquisition of control must be published on the internet and via an electronically operated information dissemination system. Within four weeks of the publication, the bidder must prepare an offer document and submit it to BaFin. The offer document must be prepared in German. It must contain information on material business data (acquirer, consideration, price of the consideration), on the securities, if any, offered in exchange, on the financing of the offer, on the assets and liabilities, financial position and profit or loss of the bidder after the offer, on its shareholding in the target company and on the bidder's intentions with regard to the future business of the target company and its employees. BaFin then verifies whether the information contained in the offer document complies with the requirements of the law. Within a period of ten days, it may permit or prohibit the publication of the offer document. If the offer document is incomplete or does not comply with law, BaFin may grant the bidder an additional period of five working days to amend the offer before prohibiting the offer. If, after ten working days, BaFin has neither permitted publication nor prohibited the offer, the bidder may publish the offer document. The bidder is obliged to publish the offer document on the internet without undue delay after it has been approved by BaFin. In addition, the bidder must either publish the entire offer document in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) or make it available in paper form and free of charge at a suitable place in Germany. At the same time, the bidder must forward the offer document to the management board of the target company and the employees of the bidder, if applicable via the works council. The management board of the target must in turn forward the offer document to the employees - if applicable via the works council. The management board and the supervisory board of the target company must, and the works council may, issue a statement on the offer and publish this statement on the internet and in the electronic Federal Gazette. The acceptance period begins with the publication of the offer document. Within this period, the shareholders of the target company may accept the offer. In principle the acceptance period lasts a minimum of four and a maximum of ten weeks. Exceptions apply, particularly in case of a competing takeover bid.
Are there any mandatory bid obligations in your jurisdiction?	Yes, if a bidder has reached control over a target company, i.e., holds in aggregate 30% or more of the target company's voting rights, it has the duty to publish this fact as soon as possible and to make a mandatory offer for the remaining shares of the target company.
Are hostile bids allowed? If so, are they common?	In Germany there is no legal prohibition on hostile takeover bids. Yet hostile takeover bids are not common in Germany. In the majority of takeover bids, the management supports the offer in the statement regarding the takeover offer.
Are there rules on maintaining secrecy until a bid is made?	No, unless confidentiality has been agreed as part of a contractual non-disclosure agreement. Rather, ongoing negotiations regarding a takeover and the associated exchange of information may be classified as insider information and as such may only be kept secret as long as it can be ensured that this information does not become public. If this cannot be ensured, then this information must be published.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from	Yes, in advance of submitting a public offer, it is common for the bidder to conclude agreements with the main shareholders of the target under which the main shareholders are obliged to accept the offer when it is later published by the bidder ("irrevocable undertakings"). Such

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key shareholders to sell their shares?	irrevocable undertakings are permissible and likely to increase the bidder's chances of success. Major shareholders usually prefer such agreements, as, unlike in the case of an immediate sale of their shares (e.g., subject to the condition of a certain minimum acceptance rate), they can benefit from a subsequent increase in the offer price.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	After a decision to launch an offer has been published, the management board of the target company must not take actions that may prevent the offer's success. However, this does not apply to (1) actions that a prudent and conscientious manager of a company not subject to a takeover offer would have taken, (2) a search for a competing offer, (3) defensive actions with the approval of the supervisory board (one conceivable defensive measure with the approval of the supervisory board is, for example, the submission of a counter-bid on the bidder's shares, *pacman defence*) and (4) defensive actions based on an authorisation by a shareholders' resolution prior to the opening of bid proceedings; any actions taken by the management board on the basis of such authorization require the approval of the supervisory board.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Although it is not required for a bidder to contact the target company before submitting a bid, in practice, a potential bidder in most cases will approach the management board of the target (inter alia, to be granted access to the target company's business documents for conducting a due diligence prior to launching the bid). Often investment agreements or business combinations agreements are agreed upon before a bid is submitted. Break fees to be paid in the event of a failed bid due to third-party intervention have been agreed in a number of German takeovers and are becoming more common, especially when non-German companies are involved. However, in the absence of relevant court decisions, the enforceability of break fees remains uncertain. The prevailing opinion is that a break fee payable by a German target is enforceable.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	In the case of mandatory offers, only regulatory approvals (antitrust or foreign direct investment approvals) are admissible as conditions. For voluntary offers, the Takeover Act does not make provision for any mandatory conditions and the bidder has a relatively wide discretion over offer conditions. In addition to regulatory approvals, common conditions for voluntary offers include (1) a minimum acceptance rate (e.g., more than 50% or 75% of the voting rights), (2) any resolutions necessary to implement the offer being passed by the shareholders' meeting of the bidder, (3) a material adverse change or force majeure condition and (4) that the management board of the target has not taken any defensive actions. In any event, conditions may not be subjective and must be clearly drafted and sufficiently specific.
Are there any restrictions on the foreign ownership of shares?	Yes, to avoid a threat to the public order or security of Germany, acquisitions of shares in or assets of domestic companies by a foreign buyer can be examined, restricted, and prohibited on a case-by-case basis by the Federal Ministry of Economics and Energy (*BMWi*). There are general (cross-sector) as well as sector-specific restrictions. The general (cross-sector) restrictions limit acquisitions by a non-EU/non-EFTA buyer and apply to all transactions through which a buyer directly or indirectly acquires control of at least 25% of the voting rights of a domestic company. If the domestic company is active in certain highly sensitive sectors, even lower thresholds apply. The sector-specific restrictions limit acquisitions by any foreign buyer and apply to all transactions through which a buyer directly or indirectly

	acquires control of at least 10% of the voting rights of a domestic company. Such restrictions are intended to prevent foreign investors from buying companies that are active in particularly sensitive sectors, such as manufacturers of war weapons or other military technology and security products in the IT industry.
Are there requirements for the target to inform or consult its employees about the offer?	Yes. After the announcement of the offer and as well as after the publication of the offer document, the management board of the target is obliged to inform the works council of the target, or in case there is no such council, directly the employees. The works council or the employees may, but are not obliged to, submit a reasoned statement regarding the offer to the management board. The employees of the target do not have the right to challenge the offer at any time.
What form does the consideration usually take and are there any specific requirements in relation to this?	Usually, shareholders receive a cash consideration (*cash offer*). Besides bidders may also offer liquid shares, which are admitted to trading on an organized market within the EEA (*exchange offer*). If the bidder acquires voting shares in exchange for shares, the offered shares must be voting shares as well. In case that, within a period beginning six months prior to the announcement of the offer and ending with the end of the offer period, the bidder has acquired or acquires at least 5% of the shares for cash, the bidder must offer a cash consideration. A bidder making a cash offer must include confirmation from its financial adviser that it has sufficient cash resources available to satisfy the acceptance of the offer and as the financial adviser can be held responsible in the event that cash is not ultimately available to fulfil the bidder's obligations, cash confirmations are not given lightly. This is the so-called "certain funds" requirement. In general, a bidder making either a voluntary takeover bid or a mandatory bid must always offer an "adequate" consideration. If the bidder is making a voluntary bid that is not aimed at acquiring in aggregate 30% or more of the target company's voting rights, it is free to offer whatever price it wishes. However, if the bidder is making a mandatory bid or a voluntary bid that is aimed at acquiring control, it has to offer a consideration which is not less than the higher of (i) the highest price agreed or paid by the bidder (or its concert parties) for shares of the target company during the six months prior to the publication of the offer document; and (ii) the average (weighted) market price of the target company's shares during the three months prior to publication of the decision to make the voluntary offer, or (in the case of a mandatory bid) publication of the acquisition of control, as the case may be. Special provisions apply to target companies where the shares are not liquid.
What power does a bidder have to squeeze out minorities on a successful takeover?	There are several ways to squeeze out minorities on a successful takeover offer. Under the Takeover Act, following a takeover process a bidder holding at least 95% of the target company's voting share capital may apply within three months of the expiry of the acceptance period for a court decision transferring the remaining voting shares in the target company to the bidder. The minority shareholders are entitled to the same compensation as under the offer (they may, however, insist on a cash compensation). The compensation is deemed appropriate if at least 90 percent of the shares that were the subject of the offer have been tendered. Under the German Stock Corporation, a shareholder holding at least 95% of the target company's share capital may squeeze out minority shareholders by requesting the management board of the target company to convene a general meeting which shall pass a resolution to transfer the remaining shares to the majority shareholder (provided, the

	shareholder is a German stock corporation (*AG*), a German partnership limited by shares (*KGaA*) or a European stock corporation (*SE*) and has agreed with the target company on an upstream merger agreement, it is even sufficient that the shareholder holds at least 90%). The shareholder requesting the squeeze out must offer to the minority shareholders adequate cash consideration, which must be determined by an independent auditor appointed by the court.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	In case an offer fails because the bidder does not reach the selected minimum acceptance threshold specified in the offer document or the offer is prohibited by BaFin as a result of not complying with certain publication obligations provided by the Takeover Act, the bidder is subject to a lock-up period for a new offer of one year. BaFin may grant an exemption upon application.
What action is required to delist the target?	A full delisting requires an application by the company to the stock exchange for the revocation of its listing. At the same time the company or a third party (usually the majority shareholder) has to offer to acquire all shares of the remaining shareholders. The offer must be approved by BaFin. According to the case law of the German Federal Court of Justice, prior approval by the shareholders' meeting is not required. The offer document must be published in accordance with the provisions of the Takeover Act. The offer may not be made subject to a condition. The minimum cash consideration, which must be submitted in Euro, to be offered by the bidder is, in principle, based on the weighted average stock exchange price of the preceding six months. Furthermore, provided the bidder controls at least 75% of the voting rights of the target company, it could resolve to change the legal form of the target (e.g., into a limited partnership or limited liability company). Such a change of the legal form of the target would result in its automatic delisting because only stock corporations and partnerships limited by shares may be listed on a stock exchange.
Are there any transfer taxes on the sale of shares in the company?	No stamp duty will be payable by the bidder on the value of the consideration paid for the target's shares in an offer. However, if the target company owns real estate in Germany, real estate transfer tax will be payable on the fair market value of the real estate. The main tax payable by shareholders tendering their shares in an offer is corporate income tax or individual income tax and/or trade tax on a potential capital gain.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The Takeover Act contains the following set of five general principles that should be observed by participants in takeover bids: 1 Holders of securities of the target company belonging to the same category of shares (<u>*Gattung*</u>) shall be treated equally. 2 Holders of securities of the target company must have sufficient time and sufficient information to make an informed decision on the offer. 3 The management board and supervisory board of the target company must act in the interest of the target company. 4 The bidder and the target company shall conduct the procedure expeditiously. The target company may not be hindered in its business activities beyond a reasonable period of time. No market distortions may be created in the trading of securities of the target, the bidder or other companies affected by the bid.
Identify three of the most important things for a potential	1 Structuring and preparing the transaction – Because the process of a public takeover in Germany is considerably formalized, it is advisable

Regulation of Public Takeovers	
bidder in your jurisdiction to get right when contemplating a public takeover?	to (a) verify in advance who the major shareholders are and whether they are even considering a possible sale of their shares, so that the bidder is in a position to determine the nature of the offer and thus the conditions to which the offer is subject under the Takeover Act (b) familiarize itself with the takeover process in advance and structure it in such a way that it can review it on an ongoing basis. 2 Secrecy and announcement obligations - At each stage of the process, a bidder should be aware of its notice obligations. The bidder should take all measures to ensure that the information exchanged is not classified as inside information, otherwise the bidder runs the risk that his offer will be prohibited 3 Setting goals and boundaries - Pursue a clear investment strategy and set limits and boundaries for the transaction, as the public takeover process in Germany can quickly become hectic and complex, and thus the true intention of the takeover and the acceptable limits for the takeover can quickly be lost sight of.
Are there any proposals for reform of the applicable takeover rules?	Not currently.

Hungary

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel? If so, what is its role/function?	In Hungary, public takeover bids are regulated by Act CXX of 2001 on the Capital Market (the “Hungarian Capital Market Act”). The takeover regulation of the Hungarian Capital Market Act is essentially based on Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (the “Directive”). The Hungarian Capital Market Act applies to the acquisition of voting rights (control) in offeree companies whose shares are listed on a regulated market in Hungary. The National Bank of Hungary, in its capacity as the national supervisory authority within the meaning of the Directive (the “Authority”), has exclusive competence over the administration, authorisation and supervision of public takeovers in Hungary. The Authority also has the right to prohibit the takeover bid if it does not comply with the provisions of the Hungarian Capital Market Act. The main functions of the Authority are the (i) approval of takeover bids, (ii) approval of counter-offers, (iii) approval of subsequent mandatory takeovers and (iv) establishment of its resolution, if a shareholder is banned from exercising its shareholder rights due to a violation of the takeover rules.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Hungarian Capital Market Act distinguishes between (i) mandatory takeover bids, (ii) subsequent mandatory takeover bids, and (iii) voluntary takeover bids: 1 The mandatory takeover bid means that a takeover bid, approved by the Authority, shall be made in the offeree company for the acquisition of more than 25 percent of the voting rights, if there is no shareholder in the offeree company, other than the offeror, holding more than 10 percent of the voting rights, or for the acquisition of more than 33 percent of the voting rights. 2 The subsequent mandatory takeover bid means that voting rights are acquired by the offeror in excess of the percentages specified above and the acquisition of voting rights is the consequence of (a) any conduct which does not qualify as a direct conduct of the person acquiring the voting rights (*e.g.*, succession, purchasing of own shares of the company), (b) exercising a purchase option, a repurchase option, or a call option on a forward purchase agreement, (c) a procedure conducted by a public asset management body (*i.e.*, state property management company), or d) the cooperation of persons acting in concert. 3 The voluntary takeover bid means that the offeror may make a takeover bid even if it is not required by the laws to do so, acting at its own discretion. The voluntary takeover bid may be made if either the offeror’s control would not, as a result of a proposed purchase, reach the 25 or 33 percentage, or the offeror has already acquired control exceeding the 25 or 33 percentage as a result of a successful takeover bid, but the offeror has not acquired all the shares of the offeree company. The voluntary takeover bid may be launched for all or some of the shares of the offeree company.
What is the typical structure of a public takeover in your jurisdiction?	In Hungary, public takeovers are implemented explicitly by way of takeover bids; the court-sanctioned scheme of arrangement is not a process recognised under Hungarian law.

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	The takeover bid shall be made for all shares of the offeree company to which voting rights are attached, and to all shareholders having voting rights. The offeror must purchase all shares offered to it unless the voting rights to be acquired by the offeror in the offeree company would be less than 50 percent, pursuant to the declarations of acceptance, and the takeover bid contains a cancellation termination clause for this instance.
Are there any mandatory bid obligations in your jurisdiction?	Mandatory bid obligations apply both in the case of mandatory takeover bids and subsequent mandatory takeover bids (as described above). The voluntary takeover is the only case when making the takeover bid is not mandatory for the offeror.
Are hostile bids allowed? If so, are they common?	The Hungarian Capital Market Act does not distinguish between hostile and recommended public takeover bids in terms of regulation. Therefore, the rules of the Hungarian Capital Market Act apply regardless of whether the offeror makes the takeover bid with or without the consent or cooperation of the board of the offeree company. The Directive fundamentally requires the neutrality of the board of directors of the offeree company. Consequently, the board of directors of the offeree company may not adopt any decisions aiming to frustrate the takeover bid (such as to increase the share capital, buy up its own shares, etc.). However, the Hungarian Capital Market Act follows a restrictive approach and requires the neutrality of the board of directors of the offeree company, if the following conditions are met: (i) if the neutrality of the board of directors is prescribed in the articles of association of the offeree company, and (ii) if the takeover bid is launched (a) by a company that applies similar regulations when it is itself being the target of a takeover bid; or (b) by a company that is controlled, directly or indirectly, by the company referred to in paragraph (a). Furthermore, the principle of neutrality shall not apply if (i) the board of the offeree company may encourage the launch of a counter-offer (*e.g.*, *white squire* or *white knight defence*), (ii) the board of the offeree company may adopt a decision for the implementation of the resolution of the general meeting passed before the date of receipt of a takeover bid (*e.g.*, *poison pill* strategy), provided that it forms part of the normal course of the offeree company's ongoing business, (iii) the board of the offeree company may undertake an action for the frustration of the takeover bid in the manner specified in a resolution adopted by the offeree company's general meeting after the takeover bid is launched.
Are there rules on maintaining secrecy until a bid is made?	If before the publication of the takeover bid, the board of the offeree company - upon the offeror's request - has provided any information to the offeror concerning the operations of the company, the offeror shall handle such information as strictly confidential in compliance with the regulations on business secrets, securities secrets and insider dealing, the breach of which may give rise for the payment of appropriate compensation. Furthermore, upon the offeror's request, the board of directors may, but is not required to, disclose such information to the offeror.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	Any shareholder to which the takeover bid pertains, may declare its intention to transfer all or some of its shares specified in the declaration of acceptance under the terms and conditions set forth in the takeover bid. The declaration of acceptance is irrevocable. Other irrevocable undertakings between the offeror and the shareholders of the offeree company may exist on a contractual basis. The application of call options on the Hungarian capital markets is also well-known and widely applied.

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What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	As a principle, the general meeting of the offeree company is fully entitled to decide on the establishment of "poisoned pills" or any other frustrating action against a takeover bid. The provisions of the Hungarian Capital Market Act essentially do not limit this competence of the general meeting since the establishment of frustrating action is essentially unrestricted. Contrary to the establishment of "poisoned pills", the application of them is restricted to a certain extent by the so-called "Breakthrough" rules, which prescribe the limits of the application of the frustrating actions rendered by the general meeting against takeover bids. The "Breakthrough" rules pursuant to the Hungarian Capital Market Act cover the (i) restrictions on the transfer of securities and voting rights, (ii) conveying of the general meeting of the offeree company in order to amend the articles of association, and (iii) paying compensation to the shareholder with preference shares.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Neither an agreement between the offeror and the offeree company in case of recommended public takeover deals, nor the application of a break fee is regulated in the Hungarian Capital Market Act. Currently, no example of the market application of such arrangements is known in Hungary.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	The takeover bid may not contain any conditions that may violate the principles of equal treatment of shareholders in connection with the takeover bid. Conditions that must be presented in the bid (some of them are optional based on the details of the transaction) are (i) the designated place and method for accepting the takeover, (ii) a statement for reserving the right to withdraw the takeover bid for the event if, pursuant to the declarations of acceptance, the voting rights to be acquired is less than 50 percent, (iii) a statement for exercising the call option, if applicable, where the bid is for acquiring up to 90 percent of the voting rights of the offeree company, and (iv) required approval of the transaction from the competent authorities (*e.g.*, National Bank of Hungary, Hungarian Competition Authority, the competent minister, etc.) and whether such approval is pending. In certain sectors, the approval of the competent authority is also required for the acquisition of control above a certain level, which may take months depending on the characteristics of the required proceedings. Nevertheless, the Hungarian Capital Market Act fails to mention that if the above-referred approval is not granted, the takeover shall be cancelled.
Are there any restrictions on the foreign ownership of shares?	(A) Pursuant to Act LVII of 2018 on the control of foreign investments violating the security interests of Hungary, certain form of foreign direct investments such as the foreign ownership of shares may be restricted in cases laid down by law. A foreign investor, by establishing a company or acquiring shares in a company, may acquire (a) directly or indirectly, an interest of more than 25% (10% in case of a public limited company) or (b) dominant control in a company having its registered office in Hungary and carrying out the business activity falling within the scope of the law subject to the notification to and the acknowledgment by the competent minister. The notification obligation also applies if the acquisition of less than 25% of the shares by the foreign investor would result in the combined ownership of foreign investors in the company exceeding 25%, except for the public limited companies.

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	The main sectors subject to notification are the (i) military industry, (ii) energy sector, (iii) telecommunications industry, (iv) financial sector and (v) insurance market. Government Decree No. 246/2018. (XII. 17.) contains the detailed list of the business activities in the sectors defined before, subject to notification. (B) Pursuant to Act LVIII of 2020 on the transitional rules related to the termination of the state of danger and the epidemiological preparedness, in case of strategic companies, a notification for the competent minister is required in the case of (a) full or partial transfer of ownership in a strategic company by way of transferring of ownership, including by providing an in-kind contribution, (b) an increase in the capital of a strategic company, (c) transformation, merger or division of a strategic company, (d) the issue by a strategic company of convertible, warrant or exchangeable bonds, and e) the creation of usufruct in shares or quotas of a strategic company. Sectors subject to notification are energy, transport and communication sectors and the sector of strategic importance within the meaning of Article 4(1)(a) to (e) of Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019, excluding financial infrastructures. Government Decree No. 289/2020. (VI. 17.) contains the detailed list of sectors defined by the Hungarian equivalent of NACE Rev. 2. Notification has to be performed (a) if a foreign investor or an EU, EEA or Switzerland national or an EU, EEA or Switzerland undertaking acquire majority control in a strategic company provided that the total value of the transaction is at least HUF 350 million (approx. EUR 1 million), (b) if a foreign investor directly or indirectly acquires at least 10% of the strategic company provided that the total value of the investment is at least HUF 350 million (approx. EUR 1 million), (c) if a foreign investor acquires a 15%, 20% or 50% stake in a strategic company, or the combined shareholding of investors exceeds 25%, the latter of which threshold of combined shareholding does not apply to public limited companies, (d) for the transfer, assignment of the right to use or operate infrastructure, equipment and assets essential for the pursuit of an activity in one of the determined sectors, or the provision of such assets as security, and acquired by a foreign investor or a legal person or entity in which the foreign investor directly or indirectly has a controlling influence under the Hungarian Civil Code.
Are there requirements for the target to inform or consult its employees about the offer?	The takeover bid should describe the expected effect of the takeover bid to the employees of the offeree company. The board of the offeree company shall, upon receipt of the takeover bid, immediately forward it to the representatives of the offeree company's employees. The opinion of the employees shall be attached to the board's opinion of the takeover bid if it is at the disposal of the board at the time of the disclosure of such opinion. Furthermore, the board's opinion shall contain the view of the board concerning the effects of the takeover on the offeree company's employees.
What form does the consideration usually take and are there any specific requirements in relation to this (including any minimum consideration requirements)?	The consideration in takeover bids is typically cash, but securities can serve as consideration as well. The Hungarian Capital Markets Act determines the minimum takeover bid price in a precisely detailed manner, which cannot be less than a) the volume weighted average stock market price for the 180-day period preceding the date when the bid was submitted to the Authority, b) the highest price contracted for the offeree company's shares by the offeror

	and affiliated persons within the 180-day period preceding the date when the bid was submitted, c) if available, the volume weighted average stock market price for the 360-day period preceding the date when the bid was submitted to the Authority for approval, d) the aggregate of the call price and the commission for a purchase or repurchase option exercised by the offeror and affiliated persons within the 180-day period preceding the date when the bid was submitted, e) the aggregate of the contracted call price and the commission for a purchase or repurchase option fixed in an agreement by the offeror and affiliated persons concluded within the 180 period preceding the date when the bid was submitted, f) the consideration received for exercising the voting rights concluded in an agreement by the offeror and affiliated persons within the 180-day period preceding the date when the bid was submitted, and g) the amount of equity capital per share.
What power does a bidder have to squeeze out minorities in a successful takeover?	The Hungarian Capital Market Act provides for a (i) purchase option (call option) for the offeror, and (ii) put option for the shareholders in certain circumstances. (i) The offeror may exercise his purchase option within 3 months from the date of closure of the takeover bid regarding the remaining shares of the offeree company, if the offeror (a) declared its intention to exercise its purchase option in the application for approval of the takeover bid, (b) controls 90 percent or more of the voting rights in the offeree company within 3 months from the end date of the successful bid, and (c) is able to verify having sufficient financial means to cover the purchase of the securities to which its option pertains. (ii) If the offeror's interest in the offeree company exceeds 90 percent of the voting rights after the successful takeover bid, the offeror must purchase the remaining shares if requested in writing by the owners of these shares within 90 days following the day on which the notice was published.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	If the offeror fails to obtain control (*i.e.*, exceed the thresholds for takeover bids) in the offeree company, no restrictions prevail regarding (re)launching a new offer. However, in the case of voluntary takeover bids, the offeror may not make a new voluntary takeover bid if a mandatory or subsequent mandatory takeover bid has been already made and the time allowed for acceptance of such bid has not expired, or within 6 months after the previous voluntary takeover bid made by the offeror has expired.
What action is required to delist the target?	A) In the case of a successful squeeze-out, the delisting is automatic. B) The competence on a decision for delisting of shares from a regulated market belongs to the general meeting of the issuer. The general meeting of the issuer shall have a quorum when attended by the shareholders representing voting rights of at a least single majority (50% +1). In the decision-making process, the owners of preferential shares with multiple voting rights only have one vote each. A qualified majority of at least (75%+1) is required for the decision of the general meeting of the issuer to adopt a resolution on delisting. On the following day, the issuer shall provide to the Authority and the regulated market operator (i) the resolution containing the decision on de-listing, (ii) the information regarding the shares affected, and (iii) a statement containing the proposed date for delisting. The issuer shall notify the registered shareholders regarding the decision for the delisting of shares within five business days following the date when the resolution was adopted. The interval between the notice of delisting to the regulated market operator and the date when the shares are in fact delisted may not be less than

	sixty trading days. If the issuer satisfies the conditions above, the regulated market operator shall remove the shares from the list of traded securities in accordance with its bylaws. Any shareholder whose shares are directly affected by the delisting, excluding those shareholders who supported the general meeting's decision on the delisting, may request the company to purchase its shares within 60 days from the publication of general meeting's decision on the delisting. Such an offer may not be withdrawn.
Are there any transfer taxes on the sale of shares in the company?	In Hungary, tax or duty is typically not payable on the transfer of the shares in a company, however the purchase of a company owning real estate may imply real estate transfer tax for the buyer in certain cases.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	Where a person acquires voting rights by evading or circumventing the takeover rules, such person may not exercise any voting rights in the offeree company, including those voting rights which were acquired lawfully, until the voting rights acquired against the takeover rules are terminated. The shareholder must terminate the voting rights within 60 days of the date of acquisition of the voting rights or receipt of the resolution of the Authority.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 The appropriate assessment of the planned transaction as to whether it is a public takeover bid situation. If yes, the whole transaction should be planned and prepared in a different mindset and with the outlook of a possibly different outcome, which may induce even the occasional purchase of all shares of the listed company. 2 Examination of the deed of foundation and general meeting's decisions of the offeree company regarding authorisation of exceptional measurements (frustrating actions) for the board of the offeree company, and any other provisions with the characteristics of breakthrough rules and poison pills. 3 Examination of whether the offeree company issued preferential shares with multiple voting rights.
Are there any proposals for reform of the applicable takeover rules?	The rules of the Hungarian Capital Market Act on takeover bids are essentially based on the Directive. The reform of Hungarian legislation may only be expected if the EU legislation contemplates adopting a new regulation regarding takeover bids, of which we are currently not aware.

Italy

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	The Italian regulatory framework for public takeovers is set out in the Legislative Decree no. 58 of 24 February 1998, as amended (the '**Consolidated Law on Finance**', or '**CLF**'), which provides general rules on takeovers and identifies the different types of offers. Moreover, public takeovers are regulated under the Consob implementing Regulation no. 11971 of 14 May 1999, as amended (the '**Issuers' Regulation**'), which is a set of secondary rules issued by the *Commissione Nazionale per le Società e la Borsa* ('**Consob'**). Acting as an independent authority, the purpose of Consob's activity is the supervision of the stock exchange aimed at the protection of the investing public. When it comes to public takeovers, Consob is actively involved, *inter alia*, in ensuring disclosure of complete and accurate information to the investing public as well as the accuracy of the facts represented in the prospectuses related to offerings. Finally, the Italian Civil Code also includes certain provisions applicable to public takeovers.
To what situations do applicable takeover regulations apply in your jurisdiction?	Italian takeover rules apply to any offer, invitation to offer or promotional message, in any form whatsoever, aimed at the purchase or exchange of financial products. Public offers for cash ("*offerte pubbliche di acquisto"* or "*OPA*"), stock swap offers ("*offerte pubbliche di scambio*") as well as mixed offers ("*offerta pubblica di acquisto e scambio*" or "*OPAS*") shall abide by the CLF and the Issuers' Regulation. To such extent, Consob shall supervise the implementation of public offerings (a) involving securities issued by a company with registered office in Italy and admitted to trading on one or more Italian regulated market; (b) involving securities issued by a company with registered office in an EU Member State other than Italy and admitted to trading exclusively on an Italian regulated market; (c) involving securities issued by a company with registered office in an EU Member State other than Italy and admitted to trading both on an Italian and on an EU regulated market that were (i) either listed first on the Italian regulated market, or (ii) were simultaneously listed on both markets, and selected Consob as the competent independent authority; and (d) involving securities issued by a company with registered office in Italy and admitted to trading on a regulated market of another EU Member State. For (b) and (c) above, the Italian takeover rules apply to the price and procedure of the takeover, with particular regard to disclosure duties. For (d) above, the Italian rules apply with regard to the relevant thresholds triggering the obligation to launch a takeover bid, poison pills measures and disclosure duties *vis-à-vis* employees.
What is the typical structure of a public takeover in your jurisdiction?	In Italy, public takeovers are carried out by way of mandatory buy-out offers or voluntary buy-out offers. Mandatory buy-out offers, which must be launched by any person or entity who has acquired (also by acting in concert with other person/s or entity/ies) securities granting voting rights over the appointment or revocation of the directors or members of the supervisory board of the target in excess of the thresholds set forth in the CLF (see below). Voluntary buy-out offers may be launched voluntarily for any type or number of securities, either on a hostile or friendly basis. The provisions regulating voluntary offers generally apply to mandatory offers as well. However, there are two significant distinctions between voluntary and mandatory offers: (i) the price in voluntary tender offers

	may be freely determined by the bidder, while the price in mandatory tender offers cannot be freely determined by the bidder and cannot be lower than the highest price paid by the bidder during a certain period (see below); and (ii) mandatory tender offers cannot be subject to conditions, while voluntary tender offers may be structured to be conditional upon specific occurrences. Overall, takeovers are typically financed by way of loan.
Are there any mandatory bid obligations in your jurisdiction?	Yes. Any person (acting alone or in concert) purchasing voting capital of an Italian company listed in Italy in excess of certain percentages deemed to be relevant for the purposes of exercising control over an Italian listed company is required to launch a mandatory tender offer over all outstanding voting shares of the target. Depending on the threshold triggered, there are three different types of mandatory tender offers: (a) a mandatory offer is triggered whenever a person (acting alone or in concert) acquires more than 30% of the voting shares of an Italian company listed in Italy ("*OPA da controllo*"); (b) a mandatory offer is also triggered by any person which (acting alone or in concert) owns from 30% up to 50% of the voting capital of an Italian company listed in Italy and acquires additional shares for more than 5% of the voting capital during a period of 12 months ("*OPA da consolidamento*"); and (c) a mandatory offer is also triggered when a person (acting alone or in concert) acquires control of a non-listed company, where such target company owns more than 30% of an Italian company listed in Italy and such shareholding forms the predominant asset of the target company. In this case, the mandatory takeover must be launched (also) on all outstanding share capital of the Italian listed company which is indirectly involved in the transaction ("*OPA indiretta"*). It is worth mentioning that when the target is not a small/medium company ('SME'), the offer shall be launched by any individual holding more than 25% of the voting shares, provided that no other shareholder holds a higher participation; in addition, SMEs' by-laws may contemplate a threshold different from 30% (not below 25% nor above 40%).
Are hostile bids allowed? If so, are they common?	In accordance with applicable law in Italy, hostile bids are allowed. Among the approximately 231 takeover bids that occurred in Italy in the period between 2007 and 2019, 10 bids were hostile.
Are there rules on maintaining secrecy until a bid is made?	Yes. The decision to launch a voluntary tender offer or the triggering of an obligation to launch a mandatory tender offer must be promptly notified to Consob through a communication including all relevant details, the mandatory contents of which are set forth in the Issuers' Regulation. Contemporaneously with the filing of the Communication with Consob, the bidder must also inform the Target and the market of the offer by publishing a press release containing the same information already included in the communication. In addition, as soon as the bid has been disclosed to the public, the boards of the issuer and of the bidder shall inform the representatives of their respective employees or, where there are no such representatives, the employees themselves. Should insiders disclose any detail relating to the potential offer, an abuse of privileged information shall occur. Furthermore, violation of the secrecy rules may also lead to market manipulation. Such offenses are sanctioned with imprisonment together with a fine, the amount of which would vary depending on the relevance of the offense on a case-by-case basis. The prohibition to disclose also includes tipping information and providing advice by using confidential information (so-called tayautage).

Regulation of Public Takeovers	
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	Irrevocable undertakings binding shareholders to sell their shares are not expressly governed under the Italian regulatory framework. However, as a market practice, it is quite common for a bidder to reach out to the main shareholder(s) seeking a commitment to adhere to the tender offer and/or sell its/their stock. By so doing, the bidder would attempt to create confidence over the market about the ongoing tender offer. Subsequently, market shareholders would eventually follow the main shareholder(s)' decision by also adhering to the tender offer.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	By way of general rule, article 104 of the CLF requires the target companies' board of directors to refrain from acting adversely to the objectives of a takeover without the shareholder's authorisation (so-called passivity rule). This rule applies to any defence measure, except for the search for competing offers. However, Italian corporations may expressly derogate from the passive rule restrictions by incorporating *ad hoc* clauses in their by-laws. Also, it is worth mentioning the so-called breakthrough rule, according to which, following the launch of a takeover bid, the following rules apply: (i) any transfer restrictions on the target's shares set forth in the target's by-laws will not apply to the bidder; and (ii) any restrictions on voting rights set out in shareholders' agreements or in Target's by-laws will not apply at shareholders' meetings called to authorise defensive measures to stymie the takeover bid. Furthermore, shareholders willing to accept a tender offer aimed at taking control of the target are entitled to terminate at will any existing shareholders' agreements, with effect from settlement of the offer.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	During the tender offer, the bidder may reach out to the main shareholder(s) of the target company (see above). As long as secrecy duties are respected – *i.e.,* as long as there are no collusive agreements nor market manipulation due to the bidder' arrangements with the target – contact between the bidder and the main shareholders are allowed. Break fee agreements are not governed under applicable Italian law. It is worth mentioning that applicable law sets the principle of equal treatment of the shareholders ("*parità di trattamento degli azionisti*") as one of the founding principles underpinning public takeovers. In such respect, it seems reasonable to conclude that break fee agreements may be permitted only if the above principle is fully complied with. On the other hand, the Italian regulatory framework is very specific in granting Consob powers to nullify collusive agreements between the bidder and the target. In such scenario, under article 47-*octies* of the Issuers' Regulation, Consob will be entitled to rectify the offer price by way of a price-increasing adjustment. On the other hand, break fee agreements might be possible provided that they comply with the general mandatory contract-law rules set forth by the Italian Civil Code.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	Under article 40 of the Issuers' Regulation, the offer shall not be subject to conditions based on the bidder's pure discretion. Notwithstanding, if the requirements set forth by the CLF and the Issuer's Regulations are met, several conditions might be attached to offers. Voluntary offers might be constructed to be conditional upon specific defined occurrences, such as, *inter alia*: 1 Minimum level of acceptance – the offer would be subject to a predetermined minimum number of acceptances, indicated as a percentage of the target's voting rights. The bidder may, however, reserve the right to accept the offer if there are fewer acceptances, although Consob would require the bidder to disclose, in the offer

	document, the minimum percentage below which the condition may not be waived. On point, the offer timetable may be affected as the offer period – pursuant to article 40-*bis* of the Issuers' Regulation – may be extended for five days in case the condition has verified or it has been waived by the bidder. 2 Absence of poison pills – generally the offer would also be subject to the condition that the target refrain from taking any action that might jeopardize the achievement of the offer's objectives. Again, the bidder may reserve the opportunity to waive this condition. 3 MAC clause – another condition to which voluntary tender offers are frequently subject is the absence of any material adverse change in the target's (or its group's) business or operations, assets, position, or financial profits since the date of the target's most recent financial statements. Voluntary and mandatory tender offers may also be conditioned upon regulatory approvals, as the obtainment of all relevant approvals or clearances required from the competent regulatory authorities (antitrust authority, Bank of Italy, *etc*.). Unlike the previous conditions, regulatory approvals conditions rely exclusively on the verification of the offer by the relevant regulator, as it is a mandatory obligation under applicable law. Therefore, neither the bidder nor the shareholders may verify the conditions above. Authorities may authorise the offer with different timings, which may eventually impact the offer timetable.
Are there any restrictions on the foreign ownership of shares?	Yes. In line with the approach on foreign direct investments prompted by the European Union, Italian restrictions to foreign ownership are referred to as the so-called Golden Power regime. Pursuant to Law Decree no. 21/2012, as amended, the Italian government is entitled to either authorize, set limitations, or veto any proposed investment by foreign persons/entities if the investment is addressed to an entity operating in a strategic field. Such fields include, *inter alia*, technology, energy, telco (such as 5G-related systems) and transportation, which are critical assets for the State. During the pandemic crisis the scope of application of the above-mentioned provisions has been extended by the Italian government so to include, *inter alia*, financial, credit and insurance sectors, access to sensitive information and dual-use items. Bird & Bird has published a separate alert on the expansion of 'golden power' review on foreign direct investment during Covid-19, which can be found at https://www.twobirds.com/en/news/articles/2020/italy/covid19-decreto-liquidita---golden-power. In addition, a general limitation to the ownership of shares – either by national or foreign investors – may be set by the merger-control provisions. From an antitrust perspective, acquisitions which could undermine the relevant market at stake are subject to authorization by the *Autorità Garante della Concorrenza e del Mercato*, the Italian national competition authority. Moreover, acquisitions may also be subject to review by the European Commission. Whenever the companies involved exceed the thresholds set, respectively by the Italian national competition authority and the European Commission (which are usually referred to the aggregated revenues of the entities involved), the authorization of the regulator will be needed.
Are there requirements for the target to inform or consult its employees about the offer?	As soon as the bid has been disclosed to the public, the boards of the issuer and of the bidder shall inform the representatives of their respective employees or, where there are no such representatives, the employees themselves. More specifically, after being notified of the tender offer, the board of directors of the target is required to issue a

	recommendation containing the information necessary for the shareholders to evaluate whether to accept the offer (the '**Recommendation**'). The Recommendation should include any data useful for evaluating and assessing the takeover, in particular any data on the implications that the takeover is likely to have on the Target's interests and employees. The Recommendation should also be provided to the employees' representatives or, where there are no such representatives, to the employees themselves. If available, an assessment by the employees' representatives of the offer and its implications is attached to the Recommendation.
What form does the consideration usually take?	Consideration may depend on the nature of the offer. As already mentioned, public offers may be cash-based ("*offerte pubbliche di acquisto"* or "*OPA*"), or there may be stock swap offers ("*offerte pubbliche di scambio*") as well as combined offers whereby cash and stock– or cash and other financial instruments – are both offered ("*offerta pubblica di acquisto e scambio*" or "*OPAS*"). When it comes to launching a mandatory tender offer, according to article 106 of the CLF the offer must be in cash and launched for each class of voting shares at the highest price paid for the same voting shares by the bidder (or by the persons acting in concert with the same) over the 12-month period preceding the announcement of the offer. If the bidder has not purchased any target securities over such timeframe, the offer price must not be inferior to the weighted average market price over the previous 12-month period, or any shorter period should the securities have been listed for less than 12 months.
What power does a bidder have to squeeze out minorities on a successful takeover?	Pursuant to article 111 CLF, the bidder is entitled to squeeze-out minority shareholders when, as a result of a public offer over the whole share capital, it comes to own 95% (or more) of the target's voting shares under the following conditions: (a) the squeeze-out procedure must be completed within 3 months after the expiration of the initial term for acceptance of the offer; (b) the bidder must have declared its intention to exercise the squeeze-out right in the offer document.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	Under article 102 of the CLF, within 20 days following the Communication, a draft of the offer document must be submitted to Consob. If the above deadline is not met, the offer document is declared inadmissible, and the bidder is barred from making another offer on the same financial instruments of the issuer for a 12-month period thereafter. In the event that the takeover process ends up being stalled, there seems to be no provisions pursuant to which the bidder must refrain from launching a second offer so to successfully complete the takeover.
What action is required to delist the target?	On a preliminary basis, the bidder shall disclose whether it intends to restore the floating capital or delist the target upon completion of the takeover. Consequently, the offer's prospectus shall inform about delisting being the ultimate purpose of the takeover. Upon successful completion of the takeover, the bidder shall call for an extraordinary shareholders' meeting so to resolve upon the delisting. Opposing shareholders shall be entitled to withdraw from the target. In addition, Borsa Italiana is entitled to delist shares and/or financial instruments. pursuant to article 25.1 of the Rules of the Markets organised and managed by Borsa Italiana: (a) in case of sell-out, where the 90% or the 95% threshold is exceeded, the shares subject to purchase will be delisted commencing from the trading day available following the last day for payment of the price for such shares, save for the case the bidder declares that it intends to restore the floating capital;

	(b) in case conditions for squeeze-out are met, the shares subject to acquisition will be suspended and/or delisted in consideration of the timing forecast for exercise of the squeeze-out. Borsa Italiana shall notify the market in advance in respect thereof.
Are there any transfer taxes on the sales of shares in the company?	Pursuant to art. 1, par. 491-500, of Law no. 228/2012 and the implemented Italian Ministerial Decree February 21, 2013, the transfer of shares or other participating financial instrument issued by Italian resident entities is subject to the Italian Financial Transaction Tax ('**IFTT'**). The main aspects of the IFTT can be summarized as follows: • the taxable person is represented by the purchaser of the shares; • the taxable base is represented by the transaction value (*i.e.,* the consideration paid); • the ordinary tax rate is equal to 0.2%, reduced to 0.1% in case the transfer occurs in regulated markets. With respect to public takeovers, the Revenue Agency ruled that the applicable IFTT rate is 0.2%, while there is a Tax Court (of first degree) decision establishing that the correct rate to be applied is 0.1%, given that takeover bids should be deemed as a typical procedure of regulated markets. According to Italian law, the IFTT shall be excluded in case the takeover bid refers to small cap companies, *i.e.,* companies whose average market capitalization in the month of November of the year preceding the one of the takeover is lower than € 500 Mio. In addition, public takeovers are subject to registration tax (Eur 200.00) and stamp duties (Eur 15.00). The tax treatment for selling shareholders in the target will depend on their own particular status.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The principle of equal treatment of the holders of the same securities is of utmost importance. According to article 92 of the CLF, issuers must ensure the same treatment to the holders of identical securities. By doing so, the law itself prevents the scenario where shareholders are treated differently, meaning that no shareholder shall be subject to detrimental differentiations. Additionally, articles 41 and 42 of the Issuer's Regulation expressly set the rules of transparency and fairness as the founding principles underpinning public takeovers. As far as transparency is concerned, any announcement, no matter how disclosed, meant to encourage or to deter an offer, must be recognisable as such. Every information contained in the relevant announcement must be clear, accurate and consistent with the documentation previously disclosed and not misleading in respect of the transaction or the specifications of the financial instruments involved. Consob must be provided with a copy of each announcement at the same is made public. As far as fairness is concerned, each party engaging in the offer shall comply with the principles of fairness and equal treatment. At the same time, each party shall refrain from altering the conditions relevant to the offer.
Identify three of the most important things for a potential bidder in your jurisdiction to get	1 Secrecy – before initiating the takeover, the bidder shall have acknowledged the risks behind insider trading. To that extent, each person involved in the takeover must be instructed not to disclose

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right when contemplating a public takeover?	confidential information. Moreover, the name of the bidder and every related person shall be filed within the so-called *insider register*. 2 Compliance – the bidder must be aware of every feature to be complied with pursuant to the relevant regulatory framework. By way of example, when structuring the price, the bidder shall be aware of the minimum price to be offered pursuant to applicable law (in case of mandatory offer). More importantly, the bidder should have understood the risks of collusive agreements and market manipulation, which may eventually lead to a price-increasing adjustment by Consob. Furthermore, the bidder shall act respecting the overriding principles of transparency and correctness (see above). 3 Strategy – the bidder should have a strategic vision of the whole takeover. A clear approach to the takeover would require shaping a worst-case scenario whereby the takeover fails and a best-case scenario in which the transaction is successful. On top of that, the bidder should plan the next moves upon completion of the takeover (*i.e.*: merger, reverse merger, delisting…).
Are there any proposals for reform of the applicable takeover rules?	Both the CLF and the Issuers' Regulation are undergoing a constant review, so that the legal provisions will keep fitting market phenomena. The regulatory framework has last been updated in late 2021. Consob and Borsa Italiana are monitoring the market and the effectiveness of the framework daily. Therefore, a reform in terms of the applicable law to public takeovers in the future might not come as a surprise.

Netherlands

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	Public takeovers in the Netherlands effectively regard public takeover bids for securities admitted to trading on Euronext in Amsterdam ("**Euronext Amsterdam"**), the regulated market in the Netherlands operated by Euronext. The rules on public takeover bids for securities (the "**Dutch Public Takeover Rules**") are incorporated in the Financial Supervision Act (*Wet op het financieel toezicht*), the Decree on Takeover Bids (*Besluit openbare biedingen Wft*) and the Exemption Decree Takeover Bids (*Vrijstellingsbesluit overnamebiedingen Wft*). Depending on the circumstances, other Dutch (and foreign) legislation may also be applicable. The competent supervisory authority pursuant to the Dutch Public Takeover Rules is the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**"). Making a public takeover bid inter alia requires an offer document that is approved by the AFM (or another competent foreign authority) being generally made available.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Dutch Public Takeover Rules apply to (friendly or hostile) public takeover bids for shares and other tradeable securities admitted to trading on a regulated market in the Netherlands, i.e., Euronext Amsterdam. The Dutch Public Takeover Rules do not apply to bids by the company on securities that it has issued itself or bids on non-voting securities (with the exception of non-cancellable depositary receipts).
What is the typical structure of a public takeover in your jurisdiction?	Three types of bids are distinguished in the Dutch Public Takeover Rules: • a full bid: a bid made to all holders of the securities and for a fixed and equal consideration; • a partial bid: a bid made for a part (no more than 30%) of the securities for a fixed and equal consideration; and • a tender bid: a bid with an invitation to all holders of the securities to acquire less than 30% of the securities for a price, determined by the holders of those securities The full bid is the type of bid that is most frequently made.
Are there any mandatory bid obligations in your jurisdiction?	A mandatory bid must be made if and when a person or entity – alone or acting in concert with others – has directly or indirectly obtained at least 30% of the voting rights in the general meeting of shareholders of a Dutch public limited company (*naamloze vennootschap*) admitted to trading on a regulated market (including, but not limited to, Euronext Amsterdam).
Are hostile bids allowed? If so, are they common?	A bid can be a friendly or recommended bid when the bid is made with the recommendation of (the management of) the target company that issued the relevant securities, whereas a hostile or non-recommended bid is made without such consent. Hostile or non-recommended bids are uncommon in the Dutch market.
Are there rules on maintaining secrecy until a bid is made?	The Dutch Public Takeover Rules contain detailed provisions on public disclosures that need to be made in relation to a public takeover process.

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	Each of the bidder and the target is under the obligation to announce a friendly bid by means of a press release if the negotiations between the bidder and the target have resulted in (conditional) agreement on the main terms of the bid. This first announcement should state the (intended) price or exchange ratio and the conditions that have been determined at that time and upon which the obligation to make or comply with the bid will be made contingent. In the case of a friendly bid prior to the first announcement, a non-disclosure and standstill agreement will usually be signed between the Offeror and the Target. The first announcement is then usually made at the moment a merger protocol or letter of intent is signed between the bidder and the target. In the case of a hostile bid, the first announcement is to be considered the public announcement of the bidder containing the name of the target together with an (intended) price or exchange ratio or an intended timetable regarding the intended hostile bid From the moment that the first announcement has been made, periodic and incidental public disclosures need to be made throughout the further bid process.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	During the preparation of a bid and prior to it being announced, the bidder may in principle approach the major shareholders of the target in order to obtain support through irrevocable undertakings to tender their shares, provided that those shareholders are requested to sign a confidentiality and standstill agreement. Subject to the approach of the shareholders and the irrevocable undertakings complying with certain conditions, the approach will be allowed from an inside information perspective and without the obtaining of irrevocable undertakings resulting in an obligation to make a mandatory bid. It is common in the Dutch market that a bidder obtains irrevocable undertakings of key shareholders.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	Companies listed on Euronext Amsterdam often have certain anti-takeover measures in place, such as priority shares, the ability to issue protective preference shares or the issue of non-voting depository receipts in exchange for shares. The Dutch courts – in particular the enterprise chamber of the Amsterdam court of appeal the "**Enterprise Chamber**") - may set aside certain anti-takeover measures, although, under Dutch law, the principle is upheld that a target company may temporarily protect itself against a hostile bidder, unless such protection would be in violation of the principles of reasonableness and fairness (*redelijkheid en billijkheid*). Also, Dutch listed companies can invoke a statutory reflection period of up to 250 days in response to shareholder activists seeking changes in the board composition and/or upon hostile takeover attempts. During this so-called reflection period, shareholders may not appoint, suspend, or dismiss managing directors or supervisory directors, effectively creating a stand-still or time-out in which to consider shareholder and takeover proposals and all stakeholders' interests.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	A recommended bid is commonly based on an agreement – a merger protocol – that the bidder and the target enter into prior to the transaction being announced. It is common that the merger protocol includes a break fee. Typically, the target forfeits a break fee in the event that it accepts a superior offer or if the merger protocol is terminated as a consequence of non-performance or breach of the target.

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What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	A (friendly or hostile) bid may be made subject to several conditions. It is however prohibited that the fulfilment of conditions depends on the mere will of the bidder. The conditions to a bid may be - inter alia -: • a minimum amount or number of securities to be tendered (for example 95%); • no (announcement of) a third party bid for the securities; • no material adverse change (to be defined in the offer document); • no public announcements or sanctions by the AFM; • competition clearance; and • receipt of positive (or neutral) advice from the relevant works council(s). To the extent legally possible, the bidder may waive conditions which are not fulfilled. As soon as it is certain that one of the conditions will not be fulfilled, the bidder must publicly announce by means of a press release whether the condition will be waived, or the bid will lapse.
Are there any restrictions on the foreign ownership of shares?	Foreign Direct Investments (FDI) screening is a hot topic in the Netherlands. Although recently FDI-rules for certain specific sections were introduced, there is no general FDI-legislation in place yet. However, general FDI-legislation that will apply to certain investments in vital providers and companies active in the area of sensitive technology is being prepared. It is expected that this further FDI-legislation, which is intended to have retroactive effect as of 8 September 2020, will enter into force later in 2022.
Are there requirements for the target to inform or consult its employees about the offer?	The works council(s) involved have to be requested for advice pursuant to the Dutch Works Council Act (*Wet op de ondernemingsraden*). The bidder's works council has to be requested for advice in relation to the proposed investment whereas the target's works council has to be requested for advice in relation to making a recommendation to the shareholders whether or not to accept the bid. The bidder is further obliged to provide the offer document to the works council – or in absence of a works council to the employees – of the target, immediately after the bid has been launched. As per the SER Merger Code (*SER-Besluit Fusiegedragsregels 2015*), the trade unions will need to be consulted.
What form does the consideration usually take?	The consideration can be in cash, securities, or a combination thereof.
What power does a bidder have to squeeze out minorities on a successful takeover?	If the bidder acquires at least 95% of the issued share capital, the bidder can bring an action before the Enterprise Chamber against the minority shareholders for the mandatory transfer of their securities within three months after the expiry of the tender period. The price to be paid for the remaining securities will be an equitable price, payable in cash, to be determined by the Enterprise Chamber. An equitable price will be: (i) the price mentioned in the offer document, if at least 90% of the shares have been tendered under a bid against that price; (ii) the mandatory bid price in the event of a mandatory offer; or (iii) the price determined by either one or three experts, to be appointed by the Enterprise Chamber. In the period of three months after the expiry of the tender offer, a similar procedure can be used to obtain the remaining 5% of the shares, except that the price to be paid for such shares will in any event be determined by one or three experts to be determined and appointed by the Enterprise Chamber.

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	In addition to these statutory squeeze-out proceedings, alternative ways to acquire full control over the acquired business if the 95% threshold is not satisfied have been developed and are used in the Dutch market. These include a legal (triangular) merger structure, or a pre-wired asset deal on the basis of which the target sells all its assets and liabilities to the bidder for a consideration equal to the bid price, which is subsequently distributed to the target's shareholders.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	The Dutch "put up or shut up" rule entitles a Euronext Amsterdam listed company that is confronted with a party that is publicly disseminating information which may create the impression that it is considering a bid for the company to request the AFM to instruct this party to within six weeks either announce a bid – "put up" - or to announce that it refrains from making a bid – " shut up" – in which latter case the said party and its possible concert parties cannot announce or make a bid during six months. Non-compliance with an AFM instruction to make a put up or shut up announcement prohibits the instructed party and its possible concert parties to announce or make a bid during nine months. The prohibition on announcing or make a bid lapses if, during the restrictive period, a bid is announced by a third party. Similarly, a party that has announced or made a bid but subsequently decided not to pursue its bid is prohibited to announce or make another bid during six months. This restriction lapses if during the six-month restrictive period a bid is announced by a third party.
What action is required to delist the target?	If the bidder wants to de-list the target following the execution of the bid, the target will have to terminate its listing agreement with Euronext. Pursuant to the Euronext Amsterdam rules, delisting is possible if the bidder has acquired at least 95% of the shares and the target consents with the delisting.
Are there any transfer taxes on the sales of shares in the company?	The Netherlands does not levy transfer taxes or stamp duty in respect of the transfer of shares in a Dutch listed company.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	As of the date of the first announcement throughout the entire bid process, the bidder must immediately publicly announce each transaction made by it in the securities and any agreements it concludes in connection with those transactions. As of the date of the first announcement until the date the bid is declared unconditional, any transaction by which the bid acquires securities, not including regular trade in the securities on a regulated market, for a price higher than the price laid down in the first announcement or the offer document, will result in the price being increased to such higher price (the "best price-rule"). Ultimately when the offer document is filed with the AFM for approval, the bidder should publicly announce that it has the funds available to make the bid (the "certain funds-rule"). If a bidder has announced or made a bid but subsequently decided not to pursue its bid, it is prohibited to announce or make another bid during six months. This restriction lapses if during the six-month restrictive period a bid is announced by a third party. If a bidder – alone or acting in concert with others - acquires at least 30% of the voting rights of a Dutch target, it is required to make a mandatory bid for the company.
Identify three of the most important things for a potential	Friendly vs hostile – Hostile takeover bids are uncommon in the Dutch market. Also, because Dutch listed companies often have anti-takeover

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bidder in your jurisdiction to get right when contemplating a public takeover?	mechanisms in place which can be triggered in the event of a hostile bid, friendly negotiated takeover bids are the norm. Preparation - Any public takeover carries with it significant public attention and invariably gives rise to circumstances a bidder may not have anticipated. Because of the public scrutiny, it is essential for bidders to be well prepared and have undertaken sufficient forward planning to be able to react swiftly to particular circumstances. Experienced advisers – A public takeover is a highly regulated and complex process, which will require a bidder to engage a broad range of advisers that are experienced with public takeover processes and have knowledge of the relevant sector and business that the target operates in. Advisers typically engaged include lawyers, investment bankers and public relation consultants.
Are there any proposals for reform of the applicable takeover rules?	Not currently

Poland

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	In Poland, the regulatory framework for public takeovers is primarily set out in the Act of 29 July 2005 on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (the "**Act on Public Offering**"). Moreover, other acts are also applicable, such as the Financial Instruments Trading Act of 29 July 2005, the Capital Market Supervision Act of 21 July 2006, Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (the "**Takeover Directive**") and Regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse ("**MAR**"). Additionally, all M&A transactions are subject to more general rules set out in the Civil Code and the Commercial Companies Code as well as in other legislation. The main regulatory body responsible for the supervision and control of public takeover bids is the Polish Financial Supervision Authority (the "**PFSA**"). The PFSA has a plethora of legal tools that can be used to enforce compliance with public takeover rules, including the issuing of administrative fines. In certain cases, the PFSA has the power to grant exemptions from the rules that would otherwise apply to public takeover bids.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Act on Public Offering applies to all transactions or planned transactions involving a company with its registered seat in Poland which has (a) at least one share admitted to trading on a regulated market or (b) introduced into an alternative trading system in Poland.
What is the typical structure of a public takeover in your jurisdiction?	In Poland, public takeovers are affected by way of a public takeover bid for the sale or exchange of the target company's shares. There are three forms of takeover bids: 1 a voluntary takeover bid, where the bidder voluntarily makes an offer for all the shares issued by the target company; 2 a mandatory takeover bid, where the bidder is required to make an offer for all remaining shares, after crossing (alone or in concert with others) a threshold of 50% of target company's total voting rights, and 3 a delisting bid, where the bidder is required to make an offer prior to delisting the target company. This may be combined with a voluntary or mandatory takeover bid. The takeover bid procedure requires the involvement of an intermediary entity (brokerage), which announces and carries out the takeover bid. The intermediary entity fulfils notification requirements before the PFSA and the information agencies specified in the Act on Public Offering. The intermediary entity also handles the exchange of consideration and shares in the target company between the bidder and those shareholders who responded to the bid. Prior to announcing the takeover bid, the bidder must provide the intermediary entity with collateral corresponding to no less than 100% of the value of the shares that are the subject of the bid. The provision of the collateral must be documented with a certificate issued by a bank or other financial institution which has granted the collateral or acted as an intermediary. Once a takeover bid has been announced, it is not permissible to rescind it, unless, following its announcement, another entity has announced a

	takeover bid at a higher price and no conditions have been attached to that takeover bid.
Are there any mandatory bid obligations in your jurisdiction?	Under the Act on Public Offering, once the threshold of 50% of the total voting rights in a public company has been exceeded, the shareholder or an entity which acquired the shares indirectly is obliged to announce a public takeover bid for the sale or exchange of all remaining shares in that company within three months of exceeding the aforementioned threshold. A mandatory bid obligation does not arise if the total voting rights decrease to less than 50% as a result of: an increase in the share capital, changes to the articles of association or the expiry of preference rights in the target company within three months of exceeding the 50% threshold. The Act on Public Offering also sets out exceptions to the mandatory bid requirements such as when acquiring shares: during an initial public offering, from an entity belonging to the same group, in accordance with the procedures stipulated in bankruptcy law provisions and as part of compulsory restructuring proceedings.
Are hostile bids allowed? If so, are they common?	Polish law does not prohibit hostile takeover bids; however, they are quite uncommon due to a relatively small free float of shares in public companies. The most prominent cases of hostile takeovers in the Polish market include: the takeover of the jewelry company Kruk SA by Vistula & Wólczanka in 2008 and the takeover of the paint manufacturer Polifarb Cieszyn-Wrocław SA by Kalon BsV in 1999.
Are there rules on maintaining secrecy until a bid is made?	Public companies have an obligation to immediately disclose all “inside information”, which relate to it, including all material changes in information that has already been disclosed to the public. Inside information is understood within the meaning set out in the MAR. A person who holds inside information cannot use it, disclose it, or provide recommendations on its basis to any other party.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	Obtaining irrevocable undertakings from the shareholder(s) is generally permissible.
What restrictions are there on target companies creating ‘poisoned pills’ or undertaking other frustrating action?	Unless defensive action against hostile takeovers is prohibited by a company’s article of association, Polish public companies have at their disposal a wide range of methods aimed at deterring hostile takeovers. These methods can be divided into preventive and reactive. Preventative methods are measures taken by a company in order to fend off a hostile takeover before a takeover bid has been made. These include so-called “shark repellants” such as personal shareholder rights, preference shares, voting caps, as well as cross-holding agreements and shareholders agreements. Reactive methods are measures effected by the company’s management board after a hostile bid has already been made. These include finding a friendly bidder, a so-called “white knight”, or making a bid for the takeover of the hostile bidder – the “Pac-Man defense”, selling the company’s most important assets – “crown jewels defence” and issuing a share buyback. When undertaking a defence against a hostile takeover, the company's management board must act in the best interests of the company as a whole, which are understood as a composite of the best interests of its shareholders.

Regulation of Public Takeovers	
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Under Polish law, agreements between the bidder and the target including agreements concerning break fees are in principle permissible provided however that the rule of equal treatment of all shareholders is respected.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	Mandatory takeover bids cannot be conditional. Voluntary takeover bids can only be conditional upon the occurrence of the following: (1) the granting of permission for the concentration of undertakings by a competent authority; (2) granting consent or authorization for the purchase of shares being the subject of the bid by a competent authority; (3) the competent authority not raising objections to the takeover bid; (4) the passing of a specific resolution by the general meeting or the supervisory board of the target company; (5) the success of another takeover bid for shares of a company forming part of the same capital group as the target company carried out on the territory of a country belonging to the OECD by a company forming part of the same capital group as the bidder; (6) the conclusion by the target company of a specific agreement, and/or (7) exceeding a specified minimum number of shares being the subject of the takeover bid, after which the bidder undertakes to acquire them.
Are there any restrictions on the foreign ownership of shares?	In general, foreign ownership of shares is not restricted in Poland. However, foreign investment may be limited in certain cases, such as when: (1) acquiring shares in a company owning real estate in Poland; (2) acquiring shares in a company holding agricultural real property; (3) achieving a significant interest/dominant position in a company subject to protection under the Act of 29 July 2015 on Control of Certain Investments; (4) acquiring shares subject to anti-monopoly law provisions; (5) sector specific requirements, e.g. relating to banks and other financial institutions.
Are there requirements for the target to inform or consult its employees about the offer?	After announcing the takeover bid, the management board of the target company is required to disclose information on the takeover bid and the contents of the bid to representatives of employee organisations of the target company, and where no such organisations exist, to the employees directly.
What form does the consideration usually take?	Cash is the most common form of consideration in a takeover bid, but other forms of consideration are also possible both standalone and in combination with cash. The Act on Public Offering restricts non-cash consideration for shares subject to a takeover bid to: 1 shares in another public company; and 2 other securities admitted to trading on a regulated market or introduced into an alternative trading system carrying voting rights. The Act on Public Offering provides specific rules for calculating the minimum price of shares in takeover bids. The minimum share price may not be lower than: 1 the average market price of the target company's shares in the three months immediately preceding the bid notification; 2 the average market price of the target company's shares in the six months immediately preceding the bid notification; 3 fair value, if it is not possible to establish an average market price or if restructuring or bankruptcy proceedings have been initiated in relation to the target company;

	4 the highest price for the target company’s shares that the bidder paid or undertook to pay in the 12 months immediately preceding the bid notification, and 5 the highest value of the tangible property and rights that the bidder exchanged or undertook to exchange for the target company’s shares in the 12 months immediately preceding the bid notification.
What power does a bidder have to squeeze out minorities on a successful takeover?	The Act on Public Offering provides for a right to squeeze out minority shareholders. The squeeze-out can be enacted by a shareholder (together with subsidiaries or parent undertakings or parties with which it is acting in concert) holding at least 95% of the voting rights in a public company. Such shareholder is entitled, within three months of achieving or exceeding that threshold, to demand from other shareholders that all shares held by them be sold. The price of the squeeze-out shares is subject to general rules on establishing a minimum price in a public bid set out in the Act on Public Offering. The squeeze-out is publicly announced after providing collateral corresponding to no less than 100% of the value of the shares that are to be the subject of that squeeze-out. Withdrawal from a squeeze-out that has already been announced is prohibited.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	The law does not provide for specific consequences in the event of an unsuccessful bid. Failure to obtain control of the target company does not result in the launching of a new offer being prohibited.
What action is required to delist the target?	The delisting of a public company is subject to the approval of the PFSA, which issues a withdrawal permit. In the withdrawal permit, the PFSA specifies a time limit of no more than one month which, once it passes, results in the withdrawal of the shares from the market. Prior to applying for a withdrawal permit, the company's general meeting needs to adopt a resolution on delisting, adopted by a majority of 9/10 of the votes cast in the presence of shareholder(s) representing at least half of the company’s share capital. The vote to delist must be initiated by the shareholder(s) by means of a motion submitted to the management board calling for the convening of a general meeting for such purpose. The shareholder(s) demanding a vote on the resolution to delist must launch in advance a takeover bid allowing all shareholders to sell their shares at a price established in accordance with the rules on establishing the minimum price in a mandatory public bid offer. If the conditions are not met, the PFSA will not permit the delisting, even if the company no longer has an adequate free float.
Are there any transfer taxes on the sale of shares the company?	As a rule, the acquisition of shares is subject to a tax on civil law transactions (the “**CLT tax**”) levied at a rate of 1%, with the share purchase price being the tax base. However, the sale of rights constituting financial instruments: 1 to investment companies and foreign investment companies (including brokerages); 2 through investment companies or foreign investment companies; 3 as part of organised trading (such as trading in securities or other financial instruments carried out on the territory of the Republic of Poland on a regulated market or in an alternative trading system); or 4 outside organised trading by investment companies and foreign investment companies, if those rights were acquired by those companies under organised trading;

	5 is exempt from the CLT tax. Please note that the main tax payable by the shareholder tendering their shares in an offer are corporate income tax, individual income tax, and capital gains tax and will depend on individual circumstances.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	Pursuant to Article 3 of the Takeover Directive, the following principles apply to public takeovers in Poland: 1 equal treatment of shareholders; 2 shareholders in target company must have sufficient time and information to reach a properly informed decision on the bid; 3 the management board of the target company must act in the best interests of the company as a whole and must not deny the shareholders the opportunity to decide on the merits of the bid; 4 parties must avoid creating false markets; 5 the bidder must announce a bid only after ensuring that it can fulfil any cash consideration in full, if such is offered, and after taking all reasonable measures to secure the implementation of any other type of consideration; 6 the target company must not be hindered in the conduct of its affairs for longer than is reasonable by a bid for its shares.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Careful planning 2 Fulfilling all notification, disclosure, consent and anti-monopoly clearance requirements; 3 Ensuring compliance with all regulations relating to confidential information, insider dealing and market abuse.
Are there any proposals for reform of the applicable takeover rules?	Included in this guide are the latest amendments to the Act on Public Offering, which are scheduled to enter into force later in 2022.

Singapore

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	The Singapore Code on Take-overs and Mergers (the "**Code**") is the main instrument that regulates public takeovers in Singapore. It is non-statutory in that it does not have the force of law, but breaching it may nevertheless result in sanctions by the SIC. The primary objective of the Code is to set out a standard of conduct for the fair treatment of parties in a takeover situation. Both the precise wording and the principles and the spirit of the Code should be complied with. The Code is administered by the Securities Industry Council ("**SIC**"), which is empowered by the Securities and Futures Act 2001 of Singapore (the "**SFA**") to investigate any dealing in securities that is connected with a takeover or merger transaction. The SIC may enforce public censure, or measures depriving the offender from enjoying the facilities of the securities market, or rulings requiring the offender to pay to the securities holders of the relevant offeree company. Beyond enforcement of the Code, the SIC also issues practice statements on the interpretation of the Code and reviews the takeover rules and practices periodically to recommend changes for the Singapore financial regulator, the Monetary Authority of Singapore ("**MAS**") to promulgate. Public takeovers in Singapore are also regulated by the SFA, the Companies Act 1967, the Competition Act 2004 and the Singapore Exchange ("**SGX**") Listing Manual.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Code applies to takeovers and mergers (including reverse takeovers, schemes of arrangement, trust schemes, amalgamations, partial offers and offers by a parent company for shares in its subsidiary) where the target company is a corporation with a primary listing of its equity securities, business trust with a primary listing of its units in Singapore and or a real estate investment trust. Unlisted public companies and unlisted registered business trusts with more than 50 shareholders or unitholders and net tangible assets of $5 million or more must also observe the Code wherever possible and appropriate. The Code applies to all offerors, whether they are natural persons, corporations, or bodies unincorporate and regardless of whether they are citizens of, or residents or incorporated or carrying on business in Singapore. It extends to acts done or omitted to be done in and outside Singapore.
What is the typical structure of a public takeover in your jurisdiction?	The structures for public takeovers in Singapore include general offers, voluntary de-listings pursuant to exit offers, and schemes of arrangement. In general, most takeovers of Singapore public entities are structured as general offers. **Mandatory offer**: mandatory offer obligations are triggered when the offeror acquires shares (taken together with shares held or acquired by its concert parties) which carry 30% or more of the voting rights of the target or when the offeror together with its concert parties holds between 30% and 50% of the voting rights of the target and the offeror or its concert parties acquires in any period of 6 months additional shares carrying more than 1% of the voting rights. A mandatory offer must be conditional upon, and only upon, the offeror having received acceptances on the voting rights which together with the voting acquired or agreed to be acquired before or during the offer, will result in the offeror and concert parties holding more than 50% of the voting rights in the target. The offeror is not allowed to set the

	acceptance condition at 90% or more to trigger a compulsory acquisition, unlike in a voluntary offer. The mandatory offer cannot be made dependent on the passing of the target's shareholder resolutions or upon any other conditions, consents, or arrangements (including the approval of a foreign regulatory authority). **Voluntary offe**r: a takeover offer for voting shares of a company where mandatory offer obligations are not triggered. A voluntary offer must be conditional upon the offeror receiving acceptances with respect to voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and its concert parties holding more than 50% of the voting rights. Other conditions to the offer are permitted but must not be dependent on offeror's subjective interpretation. If the offeror wishes to obtain 100% of shares in the target company, it can stipulate a 90% acceptance condition to trigger a compulsory acquisition once the offer becomes unconditional. **Delisting offer**: an offer to turn the target company private. Pursuant to the SGX Listing Manual (Mainboard) Rules, for a delisting application to be approved by the SGX: 1 the target must have convened a general meeting to obtain shareholder approval for the delisting offer and the resolution to delist the target has been approved by the shareholders present and voting representing at least 75% majority of the total number of issued shares. The offeror and concert parties must abstain from voting on the resolution. 2 an exit offer must be made to the target shareholders and holders of any other classes of listed securities. The exit offer must be fair and reasonable and include a cash alternative as the default alternative, and the target must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable. **Scheme of Arrangement**: a scheme may provide for a variety of ways for an offeror to obtain 100% of the target company shares. A scheme must be approved by a majority in number representing ¾ in value of the shareholders of the target company present and voting at a members' meeting pursuant to an order of court. Once the scheme passes the requisite majority at the members meeting and is subsequently sanctioned by the court, it is binding on all members/all members of the class of the target, including dissenting members.
Are there any mandatory bid obligations in your jurisdiction?	Mandatory offer obligations are triggered when the offeror acquires shares (taken together with shares held or acquired by its concert parties) which carry 30% or more of the voting rights of the target or when the offeror together with its concert parties holds between 30% and 50% of the voting rights of the target and the offeror or its concert parties acquires in any period of 6 months additional shares carrying more than 1% of the voting rights. A mandatory offer must be conditional upon, and only upon, the offeror having received acceptances on the voting rights which together with the voting acquired or agreed to be acquired before or during the offer, will result in the offeror and concert parties holding more than 50% of the voting rights in the target. The consideration for the offer is required to be in cash or accompanied by a cash alternative at no less than the highest price paid by the offeror or concert parties for voting rights in the target during the offer period and within 6 months prior to the start of the offer period.

Regulation of Public Takeovers	
Are hostile bids allowed? If so, are they common?	Hostile takeovers are not prohibited in Singapore. However, they are not common, possibly due to the relatively concentrated shareholding structure of many Singapore public companies.
Are there rules on maintaining secrecy until a bid is made?	The Code provides that there must be absolute secrecy before an offer announcement. Persons privy to confidential information particularly relating to an offer or contemplated offer must treat that information as secret and may pass it to another person only if it is necessary to do so and if that person is made aware the need for secrecy. Persons privy to the confidential information should not make any recommendation to others as to dealing with the relevant securities. All relevant persons must conduct themselves as to minimise the risk of an accidental leak of information.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	It is common for an offeror to seek irrevocable undertakings from key shareholders to sell their shares, thereby increasing the likelihood of the offer being successful. The offer announcement and offer document must include details about the irrevocable undertakings and the documents evidencing the irrevocable undertakings must be made available for inspection.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	Poison pills are generally prohibited in Singapore unless shareholder approval is obtained. The Code provides that if the target board has received a bona fide offer or has reason to believe that a bona fide offer is imminent, it must not, without the approval of its shareholders in general meeting, take any action on the affairs of the target that would result in frustrating the bona fide offer of the shareholders of the target being denied an opportunity to decide on its merits. Actions considered “frustrating actions” include but are not limited to issuing any authorised but unissued shares, creating or issuing securities carrying rights of conversion into shares of the company, disposing of or agreeing to dispose of assets of a material amount, and entering into contracts otherwise than in the ordinary course of business. The declaration and payment of dividends by the target other than in the normal course and of the usual quantum may be considered a frustrating action restricted under the Code. Granting options over shares under an established share option scheme will usually be allowed by the SIC if the timing and level are in accordance with the company’s normal practice, as with the target board soliciting a competing offer as a better offer is in the interest of the target company shareholders.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	On recommended deals, the offeror and target can agree on the process for releasing a joint recommended offer announcement and can agree on mutual covenants including exclusivity undertakings and commitments to co-operate in satisfying regulatory clearance. Apart from schemes of arrangement, parties do not typically enter into formal agreements for the takeover offers. Where there are break fees involved, the Code provides for safeguards to be observed. A break fee must be minimal (normally not exceeding 1% of the value of the target calculated by reference to the offer price), and the target board and its financial adviser must provide written confirmation to SIC that the break fees arrangements are a result of normal commercial negotiations, are (to their belief) in the best interest of the target shareholders, and explain the basis, the appropriateness and the circumstances in which the break fee becomes payable, amongst other things. The break fee arrangement must be fully disclosed in the offer announcement and the offer document and the SIC should be consulted at the earliest opportunity where a break fee or similar

	arrangements are proposed. Such requirements also apply to any other favourable arrangements with an offeror or potential offer which have a similar financial effect. Break fees are increasingly common on recommended public takeover deals. Break fees are utilised in, for example, schemes of arrangement.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	A voluntary offer can be pre-conditional, where the announcement of a firm intention to make an offer is subject to the fulfilment of certain pre-conditions (for example, the pre-condition can be the offeror shareholders' approval for the offeror to proceed with the offer, or prior clearance of the offer by the competition authority in Singapore, the Competition and Consumer Commission of Singapore). In the case of a pre-conditional voluntary offer or a mandatory offer triggered upon the fulfilment of conditions attached to a share acquisition agreement or a put and call option agreement, SIC may, upon application by the target, permit the offer document to be posted on a date earlier than 14 days after the date of offer announcement. All conditions must be fulfilled, or the offer must lapse within 21 days of the first closing date or of the date the offer becomes or is declared unconditional as to acceptances, whichever is the later.
Are there any restrictions on the foreign ownership of shares?	There are generally no restrictions on the foreign ownership of shares in a Singapore public company, although there are some restrictions on foreign shareholding in certain industries, such as broadcasting and newspaper publishing, due to reasons of national interest.
Are there requirements for the target to inform or consult its employees about the offer?	There are generally no requirements for the target to inform or consult its employees about the takeover offer.
What form does the consideration usually take?	For mandatory offers, the consideration must take the form of a cash or cash alternative. For voluntary offers and schemes of arrangement, the consideration can be in cash or securities or a combination of both. The offer must be in cash or cash alternative where the offeror and its concert parties has bought for cash during the offering period and within 6 months prior to its commencement, shares of any class under offer in the target carrying 10% or more of the voting rights of that class or where necessary as deemed by the SIC. The offer must be in the form of securities where the offeror and its concert parties has purchased 10% or more of the voting rights of the target, in exchange for securities, during the offer period and in the 3 months prior to the commencement of the offer period. These securities are to be offered on the same basis to all other shareholders of the same class unless the offeror has in place arrangements for the immediate placing of such securities for cash.
What power does a bidder have to squeeze out minorities on a successful takeover?	Under the Companies Act, an offeror who has obtained 90% or more acceptances to a voluntary offer may compulsorily acquire the remaining target shares under Section 215 of the Companies Act. To do so, the offeror must give notice of its intention to the dissenting shareholders within 2 months after the acceptance condition has been fulfilled, following which the offeror is entitled and bound to acquire the remaining shares. The dissenting minority shareholders can object to the compulsory acquisition by filing an application with the High Court of Singapore (General Division), within 1 month from the date of notice or within 14 days of receiving a list of the dissenting shareholders (whichever is later). If there are no objections or the objections are dismissed, the offeror can execute the instrument of transfer and pay the

	consideration for acquiring the remaining shares, and the target can register the offeror as a holder of those shares.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	Where the offeror fails to obtain control, the acceptance condition of the offer is not met, and the offer does not become unconditional. Where the offer does not become unconditional or has been withdrawn or has lapsed, the offeror and its concert parties cannot announce an offer or possible offer for the same target or acquire any voting rights of the target which would trigger a mandatory offer within 12 months from the date on which the offer is withdrawn or lapses. This restriction also applies where the offeror had made an announcement not amounting to an announcement of an offer, but which raises or confirms the possibility that an offer might be made, and does not announce a firm intention either to make or not make an offer within a reasonable time after the announcement.
What action is required to delist the target?	Once the public float of a listed target company falls below 10%, the target company can apply to the SGX for a delisting. Depending on the method used by the offeror to obtain 90% or more of the target company shares, the actions required to obtain SGX approval varies. A delisting after a compulsory acquisition/squeeze-out does not require a 75% majority shareholder approval nor the requirement of a fair and reasonable delisting offer and an independent financial adviser to opine as such. A delisting pursuant to a scheme of arrangement does not require a 75% majority shareholder approval.
Are there any transfer taxes on the sales of shares in the company?	No stamp duties are payable on the sale of listed securities in Singapore, as they are traded under a scripless system.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	Other than the specific rules of the Code, the spirit and principles of the Code should be observed by the offeror as well. • The offeror must treat all shareholders of the same class in the target equally. • Where effective control of the target is acquired by the offeror or its concert parties, a general offer to all other shareholders is normally required. • Before taking any action which may lead to an obligation to make a general offer, the potential offeror and his financial advisers should be satisfied that he can and will continue to be able to implement the offer in full. • In the course of a takeover transaction or in contemplation of a takeover transaction, the offeror must not give information to some shareholders not made available to all shareholders, and the shareholders must be given sufficient information and time to enable them to reach an informed decision. • Any document addressed to shareholders containing information, opinions or recommendations from the offeror should meet the highest standards of care and accuracy, specifically in relation to profit forecasts. • The offeror should make full and prompt disclosure of all relevant information and use every endeavour to prevent the creation of a false market for the shares of the offeror or the target company.
Identify three of the most important things for a potential	1 Financial resources: the offeror should consider whether it has sufficient financial resources to pay consideration to the target

Regulation of Public Takeovers	
bidder in your jurisdiction to get right when contemplating a public takeover?	shareholders when they accept the offer, or else the public takeover exercise will be futile. Where the offer is for cash or includes an element of cash, the offer document must include an unconditional confirmation by the offeror's financial adviser or financier that the offeror has sufficient financial resources to satisfy full acceptance of the offer. 2 No special deals: the offeror should ensure that there are no favourable conditions attached to the offer which are not being extended to all shareholders. Some examples include top-up arrangements where the offeror promises to make good to certain shareholders the difference between the sale price and the price of any subsequent successful offer, or two-tier offers where target shareholders who accept the offer before a stipulated date would receive a higher consideration than those who accept the offer after the date, or where a target shareholder is remunerated for promoting an offer. 3 Structure of the takeover, mandatory or voluntary offer: the offeror should consider if mandatory offer obligations will be triggered, either before the takeover transaction or during an existing voluntary offer. A mandatory offer may not be preferable given the rigidity of its mandatory conditions as compared to a voluntary offer (the offer cannot have a higher acceptance condition at 90% for a squeeze out, the consideration must be in cash or cash alternative, etc.)
Are there any proposals for reform of the applicable takeover rules?	The Code was most recently revised on 25 January 2019 to reflect the application of the code to companies with a dual class share structure. The public consultation was held in July 2018 and the feedback from the various stakeholders were incorporated into the Code in 2019. The SIC issues practice statements on the interpretation of the Code and reviews the takeover rules and practices periodically to recommend changes for the Singapore financial regulator, MAS, to promulgate.

Note:

- Bird & Bird operates in Singapore through a global association with Bird & Bird ATMD LLP, a Singapore law practice. For more regulatory information, please click here.
- Author acknowledgements: This Singapore article is contributed by partner Marcus Chow, associate Xing Yi Tan and practice trainee Janice Jiang.

Slovak Republic

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	Public takeover bids are regulated in the Slovak Republic primarily by Act No. 566/2001 Coll. on Securities and Investment Services (hereinafter referred to as the “**Securities Act**" or “**Act**”), and the provisions of the Commercial Code are also relevant in relation to certain processes related to public takeover bids. The Slovak Republic does not have a Takeover Panel. Instead, the state supervisory authority over the financial market is the National Bank of Slovakia (hereinafter referred to as the "**NBS**"), which also supervises the capital market. The NBS, or more specifically, its dedicated department, is the regulatory body for the purposes of public takeovers. The NBS scrutinizes takeover bids already at their draft stage and verifies whether they comply with the conditions set out in the Securities Act, it supervises the conduct of the bidder and it has the right to reject the takeover bid if it is in breach of the law. The approval of the NBS is required for a withdrawal of the takeover bid, as well as any revisions thereof. Finally, the NBS also issues prior approval in the case of initiation of a squeeze-out process. The takeover bid may also be subject to merger clearance by the Antimonopoly Office of the Slovak Republic as the antitrust regulatory body in Slovakia, provided that the turnover thresholds of the parties or of the target, as laid down in Act No. 187/2021 Coll. on the Protection of Competition, are met.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Securities Act applies in the case of both voluntary and mandatory takeover bids against a listed target company as well as in the case of squeeze-out. In addition, certain aspects of takeover bids are regulated by Act No. 513/1991 Coll., the Commercial Code, which is the basic statute for company law rules and corporate governance. The Commercial Code regulates the process of delisting of a company's shares from the stock exchange, as well as certain corporate decisions of the general meeting of shareholders, for example, defensive measures against a takeover bid that have been approved in advance. The Act on the Protection of Competition applies when a takeover bid is subject to merger clearance. This is the case if the combined total turnover of the parties (bidder and target) for the accounting period preceding the occurrence of the concentration is at least EUR 46.0 million and at least two of the parties to the clearance proceedings have each achieved a turnover of EUR 14.0 million in the preceding accounting period.
What is the typical structure of a public takeover in your jurisdiction?	The Securities Act provides for the following procedure, which shall also apply *mutatis mutandis* to competing takeover bids. When a bidder adopts the decision to make a takeover bid, it is required to notify the board of directors of the target company and the NBS of that decision. Bidder is obliged to publish the announcement of the takeover bid in nation-wide media in the Slovak Republic and in the state where the target company is listed. Following the publication of the takeover bid announcement, the bidder is obliged to submit a draft bid to the NBS. Once the takeover bid has been approved by the NBS, the bidder shall deliver the bid to the target company and make it available to the public.

Regulation of Public Takeovers	
	The bidder is required to inform the target company of the outcome of the takeover bid but must not announce the closing of contracts for the sale of shares before the expiration of the offer.
Are there any mandatory bid obligations in your jurisdiction?	Yes. An entity must make a mandatory takeover bid to purchase all of the target company's shares after acquiring at least 33% of the voting rights attached to that company's shares. The consideration for the mandatory takeover bid must be reasonable and must not be less than the highest consideration given for the sale of the shares in the 12-month period prior to the announcement of the mandatory takeover bid. Until a mandatory takeover bid is announced publicly where a mandatory obligation has arisen, an entity that has achieved a controlling shareholding of at least 33% of the voting rights may not exercise voting rights beyond the controlling shareholding interest.
Are hostile bids allowed? If so, are they common?	The Securities Act does not explicitly prohibit hostile bids, but they are rare and have occurred in only a few cases in the past.
Are there rules on maintaining secrecy until a bid is made?	The Securities Act provides for confidentiality rules on the details of the bid until the NBS-approved bid is made public. These rules bind the Management Board, the Supervisory Board and the employee representatives, the employees themselves and the shareholders who have been notified of the takeover bid.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	The obtaining of irrevocable undertakings from key shareholders to sell their shares use to be very rare. Although it is still not widely used, it has become slightly more frequent in more recent years. Furthermore, in practice, companies sometimes discuss in advance how shareholders will react to a takeover bid.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	From the announcement of the takeover bid, the directors of the target company are obliged to refrain from any action that could prevent shareholders from accepting the offer. An exception is conduct for the purpose of negotiating better terms or triggering a competing takeover bid. Thus, the only means of defence against an undesirable takeover bid once it has been announced is to launch a competing bid.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Such agreements are not common practice.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	The Securities Act does not provide any specifics as to the conditions attached to the offer, except that the conditions of the offer must be the same for all shareholders.
Are there any restrictions on the foreign ownership of shares?	In Slovak Republic, the transferability of shares is not generally restricted and therefore the acquisition of shares by foreign entities is neither prohibited nor restricted. However, there are specific types of industries where there are certain restrictions on the acquisition of shareholdings in companies, such as gambling, military and defence and agriculture (specifically, the ownership of agricultural land). The companies operating in these

	sectors are not usually traded on a stock exchange, therefore such restrictions are not likely to play a role in the context of takeovers. Further restrictions on the transferability of shares may be provided for in the target company's articles of association or shareholder agreements. However, such restrictions are intended to secure existing shareholders some control over who owns the target company. Hence, the offer of compensation payments is sometimes used in practice, in order to secure the consent of shareholders, which effectively means that such restrictions no longer constitute an obstacle. In contrast, the restrictions set out in the preceding paragraph are public-law regulatory restrictions and cannot be disapplied through shareholder consent.
Are there requirements for the target to inform or consult its employees about the offer?	Yes, the duty to inform employees' representatives of the takeover bid is laid down in the Securities Act. First, the notification of a takeover bid that is delivered to the Management Board, Supervisory Board and the NBS is also notified to employee representatives. Then, later on in the takeover process, the publication of the NBS-approved takeover bid is also announced to employee representatives. If the target company does not have any employee representatives (trade unions, employee board), the relevant notifications are made to the employees themselves.
What form does the consideration usually take?	Only two forms of consideration are envisaged by the Securities Act: monetary consideration or exchange of the target company's shares for other securities. In a mandatory takeover bid it is permitted to combine the purchase of shares for a monetary consideration together with an exchange for other securities.
What powers do a bidder have to squeeze out minorities on a successful takeover?	Upon a successful takeover bid and achieving at least 95% of the share capital and 95% of the target's voting rights, the bidder is entitled to apply to the NBS for prior approval to initiate a squeeze-out. Once the NBS approval has been granted, the bidder may request the target's Board of Directors to initiate a general meeting of shareholders that must vote on a resolution to transfer the remaining shares to the bidder. The resolution must be passed by 95% of all votes. The standard rules for the adequate purchase price (as per the standard takeover rules) apply also to squeeze-out.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	The statute does not prohibit the launching of a new offer after the failure to obtain control. However, in such case, the expectation is that the NBS would be more careful in its scrutiny of the new offer. If the NBS opined that the new offer unduly restricts the target company or negatively affects the financial market in the country, it would reject the offer.
What action is required to delist the target?	Pursuant the Commercial Code, the delisting of a target company requires a resolution of the General Meeting, which decides by a two-thirds majority of all attending shareholders and takes the form of a notarial deed written up by a Slovak notary public. If it is approved by the General Meeting that the shares will no longer be listed on the stock exchange, the issuer is obliged, pursuant to Section 119 of the Securities Act, to announce a mandatory takeover bid to purchase all listed shares from shareholders who voted against the discontinuation of trading on stock exchange or who did not participate in the General Meeting.

Regulation of Public Takeovers	
	The Company has an obligation to notify the stock exchange where shares are listed and NBS, notification shall include copy of notarial deed of General Meeting and text for mandatory takeover bid.
Are there any transfer taxes on the sales of shares in the company?	There are no specific transfer taxes associated with takeover bids, however transfer will be subjected to income tax on capital gains and compulsory health insurance contributions for the selling shareholders.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The bidder must consider, in particular, the principles of the Securities Act, which are the principle of confidentiality, the principle of minimisation of disruption of the takeover process to the target company and the obligation not to discriminate against any shareholders, especially minority shareholders with less than 5% of the votes of all shareholders. More generally, any conduct that could amount to negative effects on the financial market or insider trading, would be contrary to the law (and in the latter case also potentially criminal).
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Get the price right. Which may be difficult in Slovakia due to the underdeveloped stock exchange activity. 2 Secure sufficient money. 3 Talk to the regulator early on, take advantage also of possible informal ex ante consultations.
Are there any proposals for reform of the applicable takeover rules?	We are currently not aware of any ongoing legislative processes or other initiatives to reform the takeover rules.

Spain

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	The core regulations in Spain are included within the Consolidated Text of the Securities Market Law approved by Royal Legislative Decree 4/2015, of October 23 (hereinafter, "**TRLMV**") and within the Royal Decree 1066/2007, of July 27, on the regime of public takeover bids for securities (hereinafter, the "**Royal Decree**" or the "**RD**" indistinctly). In addition, there are several lower rank regulations and provision governing certain aspects of a takeover. The main bodies involved in a takeover bid procedure (hereinafter "**Tender Offer**" or "**Takeover Bid**") is the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) ("**CNMV**"). Likewise, authorizations from another supervisory body (such as the Bank of Spain).
To what situations do applicable takeover regulations apply in your jurisdiction?	To Takeover Bids, both mandatory and voluntary, in respect of the shares (or similar securities) of a company whose shares (all or part) are admitted to trading in an official Spanish secondary market and whose registered office is in Spain. In addition, in certain cases these regulations also apply even if the registered office of the company is not in Spain and their shares are not listed in the European Union Member State where the registered office is located.
What is the typical structure of public takeover in your jurisdiction?	Typical structure is as follows: 1 Announcement by the offeror of the intention (when voluntary) or of the obligation (otherwise) to submit a Takeover Bid. 2 Application for authorization of the public offer presented to the CNMV, accompanied by all the relevant documentation, among which are those relating to the guarantees to and the prospectus. 3 Authorization of the offer by the CNMV (and, if applicable any other authorities). 4 Release of the offer by the offeror. The announcements must contain the essential details of the Takeover Bid and copies of the prospectus. 5 Report of the board of directors of the target company. 6 If anti-trust clearance, if required. 7 Acceptance period (up to seventy calendar days). 8 Publication of the result of the offer. 9 Settlement of the offer.
Are there any mandatory bid obligations in your jurisdiction?	Basically, a mandatory Takeover Bid is required: 1 When control over the target is acquired (normally, 30% being the relevant control stake): whether through the acquisition of shares in the company or other securities conferring voting rights therein, through shareholders' agreements with other shareholders or due to certain cases of indirect or supervening takeovers. 2 When the shares of a listed company are to be delisted. 3 When the share capital of a listed company is reduced through the acquisition of own shares.

Regulation of Public Takeovers	
Are hostile bids allowed? If so, are they common?	Yes, they are permitted under Spanish law. They are not uncommon in Spain.
Are there rules on maintaining secrecy until a bid is made?	Spanish law provides for secrecy under inside information regulations.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	Yes, it is common. However, the offeror would be generally free to acquire a stake below 30% without the need to launch a Takeover Bid.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	The management body of the target can adopt measures tending to frustrate a Takeover Bid provided that they have been authorised by the management body.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	Spanish regulations allows that the target company and the first bidder can agree on a break fee provided that the following requirements are met: (i) that the fee does not exceed 1% of the total amount of the Takeover Bid, (ii) that it is approved by the board of directors of the target, (iii) that a favourable report is obtained from the target's financial advisors, and (iv) that it is detailed in the prospectus.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	According to Spanish law, only voluntary Takeover Bids can be subject to voluntary conditions (other than those imposed by law, such as, an anti-trust clearance condition), provided that (i) any such condition fulfilment or non-fulfilment can be verified at the end of the offer period and (ii) such conditions are any o of the following: 1 The approval of statutory or structural modifications - e.g., a merger or spin-off - or the adoption of other resolutions by the general shareholders' meeting of the target. 2 The acceptance of the Takeover Bid by a minimum number of shares of the target. 3 The approval of the Takeover Bid by the general shareholders' meeting of the target. 4 Any other condition authorized by the CNMV.
Are there any restrictions on the foreign ownership of shares?	The most relevant restriction is those recently imposed on Foreign Direct Investments. According to them, the government shall approve the following investments: 1 Investments made by non-EU and non-EFTA investors (including, EU and EFTA companies where their ultimate beneficial owner is a non-EU or non-EFTA person) as result of which they become holders of 10% or more of the share capital of a Spanish company and/or take its control provided that any such transactions are made in a sector that may affect to the public order, public security, and public health. Some of those sectors are the following: critical infrastructures (e.g., energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure and sensitive facilities, as well as land and real estate crucial for the use of such infrastructure); critical technologies and dual use items; supply of critical inputs; access to sensitive information, including personal data; and/or media. 2 Investments made by foreign investors (i) that are controlled by any government; (ii) have carried investment in any of the sectors referred to above in any EU member state or (iii) that are likely to carry out

	illegal or illicit that affect to the public order, public security, and public health.
Are there requirements for the target to inform or consult its employees about the offer?	Yes, as soon as a Takeover Bid has been made public, the management body of the target and of the offeror shall inform to their respective employees (or representatives). Likewise, once the prospectus has been published, both the target and the offeror shall send it to their respective employees (or representatives).
What form does the consideration usually take?	Consideration may consist of cash, securities, or a combination of both. However, cash consideration at least financially equivalent to the value of the securities exchanged must be offered when certain conditions are met (e.g., in mandatory Takeover Bids giving rise to change of control).
What power does a bidder have to squeeze out minorities on a successful takeover?	The offeror is entitled to acquire the share of non-accepting shareholders provided that: (i) offeror holds at least 90% of the voting rights of the Target and (ii) the Takeover Bid was for 100% of the share capital of the target and at least holders of 90% of the voting rights of target accepted the Takeover Bid.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	Where the condition to reach the control of target is not achieved, the offeror is prevented from launching a new Takeover Bird for six months.
What action is required to delist the target?	A Takeover Bid for delisting is mandatorily required. Some of the most relevant aspects of this Takeover Bid are the following: (i) the Takeover Bid shall be issued by both the offeror or the Target itself and shall addressed to all shareholders (or holder of similar securities) of the Target; (ii) the consideration shall be paid in cash, shall be based on a report on the value of the shares and cannot be lower than the higher among: (a) the fair value and (b) the value specified in the report referred to above; and (iii) the resolution on delisting shall be approved by the general shareholders' meeting of the Target.
Are there any transfer taxes on the sales of shares in the company?	In Spain, a transfer of shares does not trigger any indirect tax burden (i.e., no VAT, no Transfer Tax). Exceptionally, such a transfer might trigger a transfer tax in the event that the shares transferred represent the majority of the share capital of a company which holds real estate assets which represent more than 50% of that company's overall assets and such assets are not devoted to a business activity. Certain other transfers attract Financial Transaction Tax (FTT), at 0.2%. This would apply to share acquisitions in the secondary market of Spanish companies listed in the Spanish stock exchange or in other European regulated stock exchanges, whose capitalization value exceeds 1.000 million Euros. However, such transfers enjoy a tax exemption in certain scenarios including, among others: (i) acquisitions carried out in an Initial Public Offering (IPO) process, (ii) acquisitions carried out immediately before the latter so as distribute shares among investors, (iii) acquisitions carried out under a share underwriting and placement agreement, and (iv) acquisitions carried out for the purpose of executing a reorganization process carried out under the tax free regime envisaged for this sort of processes.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	The main principles to take into account are the following: 1 Equal treatment for shareholders. 2 Information and transparency.

Regulation of Public Takeovers	
	3 Avoid any kind of market abuse.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	In our view the following are the main three point to be taken into account: 1 Identifying if the relevant Takeover Bid is voluntary or mandatory according to the applicable regulations. 2 Structure the process well in advance and anticipate all formalities to be complied with. 3 Comply with inside trading regulations.
Are there any proposals for reform of the applicable takeover rules?	There are no current proposals to amend the core principles of the Takeover Bids regime.

Sweden

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a Takeover Panel and if so, what is its role/function?	In Sweden, the regulatory framework for public takeovers is set out in different regulations and divided between different authorities. The primary regulation is found in the Securities Market Act (the "**Act**"). Pursuant to Chapter 13 Section 8 of the Code, states that a stock exchange is to have rules regarding takeover bids relating to shares admitted to trading on a regulated market run by that stock exchange. The rules must comply with the requirements of the Takeover Directive (2004/25/EC) and otherwise be appropriate. The Act and the Takeover Rules issued by Nasdaq Stockholm and Nordic Growth Market NGM (the "**Takeover Code**") apply to the main regulated markets of Nasdaq Stockholm and Nordic Growth Market NGM. Nasdaq Stockholm and Nordic Growth Market NGM have delegated the task of interpreting and examining questions of exemption from the rules to the Swedish Securities Council (the "**Council**"). The Swedish Corporate Governance Board has issued rules on public takeover bids for shares in Swedish companies listed on any of the trading platforms First North Growth Market, Nordic SME, or Spotlight Stock Market. The rules largely correspond to those applicable to the main regulated markets. It is up to the Council to interpret and examine questions of exemption from the rules.
To what situations do applicable takeover regulations apply in your jurisdiction?	Swedish takeover regulation applies to any situation in which a bidder invites shareholders of a public company to sell all or some of the shares to the bidder (a takeover bid). With respect to such takeover bids references to shares also apply to convertible securities, warrants, principal-linked participating debentures, dividend-linked participating debentures, subscription rights and other equity-related transferable securities issued by the target of the takeover bid. Holders of such securities are to be regarded as shareholders. Provisions regarding shares are also to apply to shareholders' rights regarding parties holding shares on their behalf (depository receipts). The rules are not applicable to bids for shares that have been issued by the bidder. The Code further applies to mergers and merger-like processes substantially comparable to takeover bids. The rules apply to mergers involving both Swedish and non-Swedish targets, provided that they are listed in Sweden.
What is the typical structure of a public takeover in your jurisdiction?	A takeover bid, where the bidder makes an offer to acquire the target company's shares and the target's shareholders are asked to accept the offer on an individual basis, is the most common transaction structure in Sweden Statutory mergers are also not entirely uncommon in Sweden. In relation hereto, the shareholders of the target and acquiring company are asked to vote on a merger plan prepared by the boards of the bidder and the target, respectively. The merger consideration can consist of either shares in the acquiring company or a combination of shares and cash. Only cash mergers are however prohibited for statutory mergers, and more than half of the total value of the merger consideration must consist of shares. In a statutory merger, the acquiring company and the target become one company, resulting in the target shareholders becoming shareholders in the acquiring company. Cross-border mergers between companies registered in EEA member states are allowed.

Regulation of Public Takeovers	
Are there any mandatory bid obligations in your jurisdiction?	The Act stipulates that one who, alone or together with any party acting in concert with it, acquires shares carrying 30% or more of the voting rights in the target company must make a public offer for the remaining shares in the target company (a mandatory bid). However, a mandatory offer is not triggered by acquiring rights to purchase shares. There may however be circumstances where parties to a derivative contract or similar may trigger a mandatory bid. Actions by the target company causing a shareholding below 30% of the votes to reach that threshold do not trigger any mandatory bid. Any subsequent acquisition by the relevant shareholder would however subsequently trigger a mandatory bid
Are hostile bids allowed? If so, are they common?	Hostile bids are allowed in Sweden, although they are not very common as the shareholder structure of Swedish companies often includes institutional investors with holding significant stakes. This results in a low probability of a hostile offer being successful. The target board must always act in the interest of the shareholders in the situation of a takeover bid. In the situation of a hostile offer, target boards should typically invite parties to make competing offers following rejection of an original bid. In a takeover situation, the target board is obliged to consider all options and, where necessary for this purpose, take actions the board considers being in the shareholders' interests.
Are there rules on maintaining secrecy until a bid is made?	Parties must restrict access to non-public information about a potential bid. Listed companies can typically delay disclosure of inside information regarding a potential takeover bid and are to ensure that there is no leakage of information. A "possible offer announcement" may be made public in the event of a leakage of information. This announcement must clearly state that it is not a formal announcement of an offer, the reason as to why it is being announced and when a formal announcement can be expected.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares?	It is common for the bidder to seek irrevocable undertakings from key shareholders of the target company before making an offer. In case there is a higher competing offer, the shareholders are usually released from those undertakings. An announcement of the bid and the related documentation must contain information about the extent to which the bidder has received irrevocable undertakings. The target may normally not commit itself to any arrangements in relation to the bidder, with the exception of confidentiality commitments and non-solicitation undertakings not to solicit the offeror's employees, customers and suppliers.
What restrictions are there on target companies creating 'poisoned pills' or undertaking other frustrating action?	The board of a company is typically prohibited against conducting defence mechanisms. It is however possible for a target company to try to solicit an alternative bidder (a "white knight") to make a rival bid or to acquire a large shareholding. Defence measures requiring shareholder approval may include issuing shares for non-cash consideration, buy-backs of shares, acquisitions or disposals of assets or a counter takeover bid to the bidder's shareholders. Under the Act, actions by the management or board of directors in the target potentially construed as frustrating a public takeover bid can only be taken with prior approval from the general meeting or the Securities Council. However, this is highly unusual.
On recommended deals, is it common to have an agreement between the bidder and the	As a general rule, the target cannot agree to any restrictive covenants for the benefit of the bidder, such as exclusivity or non-solicitation undertakings. Therefore, there is generally no combination agreement or

target? Is it common for there to be a break fee?	similar between the bidder and the target. The target is not allowed to pay any break fees to the bidder or to cover any expenses. There are no restrictions on break fees payable by the bidder to the target (reverse break fees), but the parties should not structure the arrangement so that it adversely affects the target company's freedom to act in the context of the takeover situation.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	There are several customary conditions regularly attached to an offer, including: • Conditions relating to the target’s shareholders accepting the offer to such an extent that the bidder becomes the owner of shares in the target company representing more than 90% of the total share capital. There is however no mandatory minimum level. • Conditions relating to no other party announces an offer to acquire shares in the target on terms more favourable for the shareholders than the original offer. • Conditions relation to all approvals and decisions necessary to complete the offer being granted, in each case on terms which the bidder deems acceptable. In addition, a share-for-share offer typically includes a condition with respect to adoption by the bidder's general meeting of resolutions necessary for the issuance of the consideration shares. • Conditions relating to the target’s business, such as that no circumstances have occurred which could have a substantial adverse effect or reasonably be expected to have a such an effect on the target’s sales, earnings, liquidity, equity, or assets. Likewise, that no information made public or disclosed by the target to the bidder is inaccurate, incomplete, or misleading, and that the target company has made public all information required to be made public. • Conditions relating to that neither the offer nor the acquisition of the target is rendered impossible or significantly hindered as a consequence of legislation or other regulation.
Are there any restrictions on the foreign ownership of shares?	Legislation on foreign direct investment is expected to enter into force during early 2023. This proposed regulation enables the Inspectorate of Strategic Products to review and block foreign investments by non-EU, EU, and Swedish investors in activities "worthy of protection." This includes security-sensitive businesses and functions that are fundamental to the Swedish society.
Are there requirements for the target to inform or consult its employees about the offer?	There is an obligation for both the target and the bidder to inform all of its employees of the takeover offer and the recommendation to the shareholders in relation to the offer. The information must be provided as soon as the offer has been published. The target does not have any consulting obligations, however both the bidder and the board of the target company must comment on employment-related aspects of the transaction. The employees of the bidder must also be separately informed of the offer documentation and the target board's recommendation to the shareholders.
What form does the consideration usually take and are there any specific requirements in relation to this (including any minimum consideration requirements)?	Takeover bids can typically consist of cash, shares or a combination thereof. However, in statutory mergers, the merger consideration cannot consist of only cash, and therefore must consist of either shares in the bidder or a combination of shares and cash. More than half of the total value of the merger consideration must consist of shares in statutory mergers.

Regulation of Public Takeovers	
What power does a bidder have to squeeze out minorities on a successful takeover?	If the bidder directly or indirectly holds 90% of the share capital, the bidder can force the other shareholders to sell their shares, typically at the price offered in the takeover bid. This type of squeeze-out procedure is subject to the same rules and procedures that would otherwise apply to a stand-alone procedure outside the framework of a voluntary or mandatory public takeover bid. The minority shareholders have a corresponding right to force redemption of their shares.
If a bidder fails to obtain control, is it then restricted from launching a new offer?	If a bid fails, the bidder is prevented both from making another offer and acquiring target shares that would trigger a mandatory bid withing a 12-month timeframe of the unsuccessful offer. This does not apply where the new bid is recommended by the target board.
What action is required to delist the target?	Whether a target can be de-listed depends on the size of the shareholding acquired by the bidder. In the event that the bidder owns more than 90% of the shares in the target, the bidder will typically initiate a squeeze-out procedure for the remaining shares and ask the stock exchange to de-list the target company right away. The de-listing will typically be effective three to four weeks from the takeover bid having been declared unconditional. The scope for de-listing at a lower ownership level is very limited and would typically require prior clearance by the Council.
Are there any transfer taxes on the sales of shares in the company?	There is no transfer duty, neither in the form of stamp duty or other similar transfer tax, on the sale or purchase of shares in a company incorporated or listed in Sweden.
Are there any overriding principles that a bidder in your jurisdiction must have regard to?	Although Swedish takeover regulation does not specify the principles on which it is based, there are a few general principles that underpin the interpretation of Swedish takeover regulation. The most important of these are (1) all target shareholders must be treated equally, (2) the target board must act in the best interests of the company as a whole as well as in the interest of the target shareholders (3) a bidder may only announce a takeover bid when it has sufficient resources to fulfil its obligations and (4) the business target must not be restricted by an announced takeover bid for any longer than is reasonably required.
Identify three of the most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Preparation – takeover processes can be very dynamic and may include aspects by no means anticipated at the outset. It is therefore essential for a successful takeover bid to meticulously prepare each step of the process, and to identify at an early stage the critical factors for a successful bid. 2 Irrevocable undertakings – the purpose of every takeover bid is the sufficient acceptance of the bid by target shareholders. Consequently, takeover bids where target shareholders have agreed in advance to accept the bid are significantly more likely to be successful than those where this is not the case. 3 Advisers – for most bidders, takeover processes are not something done often. For a successful takeover bid, it is therefore critical to engage advisers with the experience and expertise to plan, prepare and execute the takeover bid.
Are there any proposals for reform of the applicable takeover rules?	A revised Code came into force on 1 January 2021 and no further near-term amendments to the Code or Takeovers Act are expected. Legislation on foreign direct investment is expected to enter into force during early 2023. This proposed regulation enables the Inspectorate of Strategic Products to review and block foreign investments by non-EU,

	EU, and Swedish investors in activities "worthy of protection." This includes security-sensitive businesses and functions that are fundamental to the Swedish society.

United Kingdom

Regulation of Public Takeovers	
How are public takeovers regulated in your jurisdiction? Is there a dedicated takeovers regulator and if so, what is its role/function?	In the UK, the regulatory framework for public takeovers is set out in the City Code on Takeover and Mergers (the '**Code**'). The Code has statutory effect and is administered by the Panel on Takeovers and Mergers (the '**Panel**'), which is responsible for the administration and enforcement of the Code. Staffed by experienced practitioners, the Panel's executive is available for consultation with those engaged in public takeovers in the UK and is responsible for the day-to-day supervision of all takeover situations.
To what situations do applicable takeover regulations apply in your jurisdiction?	The Code applies to any transaction, however effected, pursuant to which a person (together with any person deemed to be acting in concert with that person) acquires or seeks to acquire or consolidate "control" of a company to which the Code applies. For these purposes, "control" means an interest in 30% or more of the voting rights of the target company concerned. The Code applies to all transactions or potential transactions involving a target company which is either (a) a public company with its registered office in the UK or the Channel Islands and which has its shares traded on a public stock exchange or (b) a public company with its registered office and central place of management and control in the UK or the Channel Islands, even where its shares are not traded on a public stock exchange or (c) certain limited types of private company which have their registered office and central place of management and control in the UK or the Channel Islands.
What is the typical structure of a public takeover in your jurisdiction?	In the UK, public takeovers are normally effected either by way of a contractual takeover offer or by way of a court-sanctioned scheme of arrangement. A contractual offer is made by the bidder directly to the target's shareholders and the bidder can set the level of acceptances required for the bid to be considered successful (provided this not less than 50% voting control of the target). In order for a bidder to acquire 100% control of a target through a contractual offer, it would need sufficient acceptances to enable it to trigger compulsory squeeze out powers prescribed by statute (see below). A scheme of arrangement is a compromise between the target company and its shareholders pursuant to which all of the shares in the target are acquired by the bidder in exchange for the consideration offered by the bidder. For a scheme of arrangement to be successful it must be approved by a majority in number of target shareholders representing 75% in value of the targets shares at a specially convened shareholder meeting and it must then be approved by the Court. If approved, a scheme of arrangement is binding on all shareholders and can therefore be a more effective way for a bidder to acquire 100% of a target. However, as it is a target driven process, the bidder will typically have less control over its implementation and therefore would not be suitable in a hostile bid situation.
Are there any mandatory bid obligations in your jurisdiction?	Yes. Under Rule 9 of the Code, a person (including any persons acting in concert with it) may not acquire any target shares, which would result in the bidder (and persons acting in concert with it) coming to own 30% or more of the voting rights in the target, without simultaneously making a mandatory offer for all of the remaining target shares in issue. Further, a person who already holds more than 30% but less than 50% cannot

	acquire further shares (subject to certain limited exceptions) without making a mandatory offer. Where a mandatory offer is required, it cannot usually be subject to any conditions other than a 50% acceptance condition and it must be made in cash (or include a cash alternative) which is at least at the highest price paid by the bidder (or persons acting in concert with it) during the 12 months immediately preceding the mandatory offer.
Are hostile bids allowed? If so, are they common?	There is no legal prohibition on hostile bids, although in practice they can only be made by way of a contractual offer direct to the target's shareholders (as a scheme of arrangement would require the co-operation of the target's board). A hostile bidder must therefore be willing to accept that it may be left with minority shareholders even if the bid is successful. A hostile bidder is also unlikely to be able to undertake a comprehensive due diligence exercise on its target, as it will only have access to publicly available information. As a result, a majority of bids in the UK tend to be recommended.
Are there rules on maintaining secrecy until a bid is made?	In the UK, the Code has extensive rules relating to maintaining confidentiality. In addition, there are demanding rules requiring the public announcement of a potential takeover situation in circumstances where there is either rumour or speculation regarding a possible offer for a particular company, or an untoward movement in a target's share price. As any announcement of a possible offer is required to identify the potential bidder and an automatic "put up" or "shut up" deadline arises (as a result of which the bidder must either announce a formal bid or confirm that it does not intend to bid within 28 days), the consequences of a bidder's plans being leaked can be particularly prejudicial to a bidder which has not fully formulated its plans.
Is it common for a bidder to obtain irrevocable undertakings, or similar, from key shareholders to sell their shares or accept the bid?	Irrevocable undertakings, whereby a shareholder undertakes ahead of a bid to accept a bidder's offer when it is made (or vote in favour of the required resolutions, where the offer is effected by way of a scheme of arrangement), are common in recommended offers. They are sometimes also sought in hostile bids, although typically a shareholder will be less willing to give an undertaking that has the effect of deterring any potential competing bidder. The Code imposes strict rules on the stage of the offer process at which irrevocable undertakings can be sought and how many shareholders can be approached.
What restrictions are there on target companies creating 'poison pills' or undertaking other frustrating action?	Under Rule 21 of the Code, during the course of an offer or at any time when there is reason to believe that a bona fide offer might be imminent, a target board cannot (without the prior approval of shareholders) take any action which may either frustrate a bona fide offer or otherwise deny target shareholders the opportunity to consider the offer on its merits. There are detailed provisions in Rule 21 identifying corporate actions that are considered to be frustrating actions for these purposes. At a time when no bona fide offer is imminent, in theory a company's board could put in place a "poison pill" which might have the effect of deterring a future bidder, although there would need to be a proper corporate benefit for any such action in order to ensure no breach of statutory duty by the directors putting the relevant arrangement in place.
On recommended deals, is it common to have an agreement between the bidder and the target? Is it common for there to be a break fee?	In broad terms, there is an absolute prohibition on a target company and a bidder entering into any offer-related arrangements when an offer is in contemplation, and this extends to break fee arrangements and exclusivity agreements. Certain permitted agreements are allowed, including confidentiality agreements, non-solicitation of employee commitments and irrevocable undertakings, as are agreements that only

	impose obligations on the bidder. Agreements pursuant to which the target and the bidder agree to co-operate in the satisfaction of any regulatory conditions to a bid are also permitted and in recommended situations, conduct agreements of this nature are common, though it is essential to ensure such agreements do not stray beyond what is permitted by the Code.
What conditions are usually attached to an offer? How can satisfying these affect the offer timetable?	In UK takeover bids, there are commonly three types of conditions for an offer as follows: 1 an acceptance condition specifying the level of shareholder support required for a successful offer. In a contractual offer, this must be at least 50% but is usually set at 90% so that the bidder is able to 'squeeze out' the remaining 10% (see below). In a scheme of arrangement, this will be the level required to approve the scheme (and thereby allow 100% of the shares to be acquired); 2 conditions relating to the obtaining of regulatory consents needed before the offer can be completed (such as consents required under the merger control regulations). Under the Code there is a requirement for all conditions to be satisfied by a designated long-stop date which must be not later than 60 days after the offer is first made. The Panel will generally only permit an extension to the long-stop date if it is in order to allow a regulatory condition to be satisfied provided it can be demonstrated that regulatory condition is of material significance; 3 conditions relating to the nature of (and any materially adverse change to) the target's business. Although most takeovers in the UK include conditions of this nature, it is rarely permissible to invoke them (particularly in a recommended situation), and they are ordinarily waived when the other conditions are satisfied. Their inclusion provides a contractual basis on which a takeover might not proceed if the Panel were to be persuaded the relevant condition is sufficiently material, but it is rarely the case that they can be relied upon.
Are there any restrictions on the foreign ownership of shares?	In the UK, new legislation came into force on 4 January 2022, permitting the UK government to intervene in public company takeovers where the target's business falls within one of the 'protected' sectors of the UK economy. Such sectors include artificial intelligence, critical suppliers to the UK Government and military and others. Bidders making offers for such target companies will be obliged to make a mandatory notification to the UK government confirming the intended offer and seek clearance where required. Bidders can be expected to include appropriate conditions to their offers where the target’s business falls within one of the prescribed sectors. Bird & Bird has published a separate summary of regulations applicable to controls on foreign ownership across our jurisdictions and this can be found here.
Are there requirements for the target to inform or consult its employees about the offer?	In the UK, there is no outright requirement to consult with employees regarding a takeover bid (and indeed confidentiality requirements would usually prohibit this prior to any announcement of the bid anyway). However, a target board has an obligation to make copies of announcements relating to takeover bids available to certain persons, including employee representatives and there is then a right for the employee representatives to make known their opinion on the bid and have a copy of that opinion appended to any document published by the target board expressing its views on the bid.

Regulation of Public Takeovers	
What form does the consideration usually take and are there any specific requirements in relation to this?	Ordinarily, it will be for the bidder to determine the nature of the consideration which is typically cash, shares in the bidder, loan notes or a combination of all three. However, where a bidder has acquired target shares for cash during the period immediately prior to a bid being launched, there are requirements under the Code for a cash alternative to be included at no less than the price paid on the earlier acquisition. There are similar requirements for the inclusion of a share alternative where a bidder has previously acquired target shares in exchange for bidder shares. As indicated earlier, if a bidder triggers a mandatory bid obligation, that bid must be in cash and at the highest price paid for target shares during the immediately preceding 12-month period. A bidder making a cash offer must include confirmation from its financial adviser that it has sufficient cash resources available to satisfy the acceptance of the offer and as the financial adviser can be held responsible in the event that cash is not ultimately available to fulfil the bidder's obligations, cash confirmations are not given lightly. This is the so-called "certain funds" requirement.
What power does a bidder have to squeeze out minorities on a successful takeover?	If a bidder receives acceptances in respect of at least 90% of the shares to which an offer relates, then the bidder will have a statutory right under the Companies Act 2006 to compulsory acquire the balance from any dissenting shareholders. However, these statutory squeeze-out rights are only available in the context of a contractual offer. As such they are not available to a shareholder who reaches a 90% interest in a company by other means. Statutory squeeze-out rights are not relevant in the context of a scheme of arrangement, given it will be binding on all shareholders if approved.
If a bidder fails to obtain control pursuant to an offer, is it then restricted from launching a new offer?	Under the Code, a failed bidder (being one which has formally launched a bid but not achieved sufficient acceptances to allow the conditions to be satisfied) will be not ordinarily be able to make another offer for the same target company for at least 12 months following its initial bid lapsing. If a potential bidder who has not formally launched a bid is forced to announce that it will not bid under the "put up" or "shut up" rule (as described above), the bidder will ordinarily be precluded from bidding for a period of 6 months.
What action is required to delist a target whose shares are publicly traded?	Where a target's shares are publicly traded, the requirements for a delisting will depend on the rules of the exchange on which the shares are traded. In the UK, most listing rules provide a mechanism for a company to be delisted following a successful takeover bid as long as the bidder makes its intentions on this clear, at least a 75% acceptance level is achieved, and a minimum period of notice is given of the intended delisting.
Are there any transfer taxes applicable on the sale of shares pursuant to a takeover bid?	This will depend on the nature of the shares which are the subject of the takeover bid. In the UK, stamp duty is generally payable on the transfer of shares in a company, although there are exemptions in relation to transfer of certain shares (such as those traded on AIM). Stamp duty is usually paid by the bidder and is at a rate of 0.5% of the value of the consideration. The tax treatment for selling shareholders in the target will depend on their own particular status and circumstances and on the form of consideration.
Are there any overriding principles that a bidder in your	As well as specific rules, the Code includes a series of six general principles which participants in takeover bids are expected to adhere to.

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jurisdiction must have regard to?	Broadly, these are (1) all target shareholders must be treated equally, (2) target shareholders must be given sufficient time and information with which to assess the merits of a particular bid (3) a target board must act in the best interests of the company as a whole and must not deny the target shareholders the opportunity to decide on the merits of the bid (4) parties must avoid the creation of a false market in a target's shares (5) a bidder must only announce an offer when it has sufficient resources to fulfil its obligations and (6) a target must not be put "under siege" by a potential bid situation for any longer than is reasonably necessary.
What would be the three most important things for a potential bidder in your jurisdiction to get right when contemplating a public takeover?	1 Preparation – any public takeover carries with it significant public attention and invariably gives rise to circumstances a bidder may not have anticipated. Because of the public scrutiny, it is essential for bidders to be well prepared and have undertaken sufficient forward planning to be able to react swiftly to particular circumstances. 2 Secrecy and announcement obligations - a bidder should ensure they understand fully the rules relating to announcements and take all steps to avoid a premature announcement obligation. The effect of falling under a "put up or shut up" requirement can derail even the most well-prepared bidder. 3 Clarity around strategic goals and objectives - having a clear vision of the objectives and the red lines underpinning the transaction is essential as it is all too easy to be swayed by the evolving circumstances. Clarity of vision will also allow a bidder to identify the aspects it needs to have fully prepared for (such as the nature and availability of funding).
Are there any proposals for reform of the applicable takeover rules?	The Code is under constant review by the Panel's Code Committee. Significant changes were introduced in March 2021 when the rules relating to the timetable for contractual offers were simplified and other changes relating to ability to invoke regulatory conditions were introduced. The Panel also periodically publishes practice statements and bulletins on its website providing practical guidance to the interpretation of its rules.

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