French M&A Outlook 2025

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ABOUT THE AUTHOR

Alexis Marraud des Grottes is an M&A, Private Equity and Capital Markets lawyer in Orrick's Paris office. His practice covers on mergers and acquisitions, private equity, securities and stock exchange regulations and corporate law, as well as related litigation. Recommended by Chambers and Legal 500 EMEA in Mergers & Acquisitions, Alexis is key counsel to French and international listed and non-listed companies, private equity and hedge funds, managers, boards and families. He has notable experience on complex cross-border transactions and has been involved with some of the most publicized recent deals in France. View Alexis' full bio.

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Introduction

France positioned for renewed M&A momentum

At the beginning of 2025, the M&A market in France has been gradually recovering, following a challenging 2023 and a subdued 2024. While both deal value and volume have increased, the recovery remains uncertain and has not yet gained significant momentum in the first quarter of 2025. The market is witnessing fewer mega-deals and is undergoing substantial transformation.

In the early part of the second half of 2025, a modest rebound is supported by macroeconomic stabilization, steady interest rates, and more positive — though volatile — investor sentiment, as well as renewed confidence in positive signals from China. Now that Eurozone–US tariffs are known, and there is growing conviction that, as time goes by, events in Ukraine and Gaza may reach a resolution, these factors are seen as positive for the market. Uncertainty, of course, persists and is likely to remain at least until May 2027, unless significant political developments occur beforehand.

However, France has strong fundamentals to attract investors. France is the world's seventh-largest economy, with robust sectors such as industry, energy, technology, finance, luxury, healthcare, agribusiness, and aerospace. French companies are highly sought after as acquisition targets. Early 2025 has highlighted a clear gap between outbound M&A activity by French companies and their appeal as targets: acquisition value by French buyers dropped 61% year-over-year, while inbound interest surged by 160%.

France's strengths provide a solid foundation for future developments:

Finance. Its cultural and gastronomic heritage make it an undeniable tourist destination, but more importantly, they contribute to a high quality of life. Paris is an international financial center and a key European hub, particularly attractive for international talent, especially those relocating from London to the European Union. The financial ecosystem has developed significantly in recent years. The financial sector represents a growing share of activity, with certain banks, asset management firms, and mid-cap M&A advisory boutiques strengthening their networks while maintaining their expertise. In Q1 2025, financial services became the most targeted sector in France, accounting for 26% of overall M&A activity. The market is closely monitoring the proposed merger between Natixis Investment Managers and Generali's asset management arm, which could signal a return of mega-deals.

E&I. France offers rapid access to major European markets. Its infrastructure is of particularly high quality, with efficient transport networks (TGV, airports, highways) and excellent digital and telecommunications coverage. In this sector, the potential restructuring of a telecom operator could generate significant activity by the end of 2025. Current market conditions also favor stable, non-cyclical sectors with predictable medium- and long-term returns. Infrastructure and energy, typically backed by long-term contracts, are attracting significant investor interest due to their reliable cash flows.

Tech. France's pro-investment policies—such as research tax credits, support for innovation, and subsidies for industry and technology—add to its appeal. The country's renowned higher education system (Grandes Écoles, Universities) produces highly skilled innovators, engineers, and researchers, making it especially attractive for technology companies. The tech sector has remained particularly active. Technology, such as healthcare, continue to be key drivers, offering stability in uncertain times, and investors are actively pursuing consolidation opportunities in these areas.

Trends currently shaping the French M&A market

Public M&A. 2024 was a mixed year for public transactions. The number of public offers rose significantly versus 2023 (36 public offers were approved by the AMF in 2024, compared to 23 the previous year), but the aggregate value of completed deals dropped from €9.5 billion to €1.5 billion. Technology accounted for nearly a third of all offers, making it the most active sector, followed by industrials at 17%. The largest transactions of the year were the tender offer by a shareholder group for SII (digital services – €925 million) and Upbeat's offer for Believe (music distribution – €294 million). On the first 6 months of 2025, around 10 tender offers have already been filed.

Delisting. Squeeze-out dominated the landscape, representing 61% of all transactions. For example, following its 2024 tender offer, Upbeat filed a public buyout and subsequent squeeze-out bid for Believe with the AMF on April 16, 2025.

IPO activity was subdued, with only four listings. This reflects issuer caution amid ongoing market uncertainty.

Private M&A. It continues to drive overall deal activity in France. Investment funds remain the most active participants but are adapting to new market conditions. The focus is on mid-cap transactions and more extensive due diligence. Deals are taking longer to close, reflecting increased investor caution.

Deal Types. Over the past three years, distressed M&A activity has increased, with a few notable large transactions. More generally, the market is dominated by mid-cap deals, as mega-deals have become increasingly rare. Medium-sized targets are preferred, largely due to more accessible financing. Consolidation, particularly through build-up strategies, remains a major theme. Investors are prioritizing external growth in resilient sectors with strong fundamentals, aiming to strengthen market positions and achieve synergies. Strategic transactions, including carve-outs, are also prevalent.

Valuations. Market friction is primarily driven by a disconnect between seller price expectations and buyer willingness to pay. Buyers are no longer accepting the high multiples seen in 2020 and 2021, leading some sellers to hesitate. Investment funds are responding by increasing secondary transactions, extending holding periods, and delaying exits.

Selectivity and Extended Timelines. Increased investor caution is resulting in longer and more thorough due diligence processes, particularly given stricter global regulations, especially for large-cap deals.

ESG. There is also a stronger focus on ESG criteria in target selection, adding another layer to due diligence due to the surge of new EU regulations, including but not limited to:

- Sustainability Reporting & Due Diligence: CSRD (Corporate Sustainability Reporting Directive) and CSDDD (Corporate Sustainability Due Diligence Directive)
- Environmental: Green Claims Directive, CBAM (Carbon Border Adjustment Mechanism), ETS (Emissions Trading Schemes), Sustainable Fuels (RED II, ReFuelEU Aviation, FuelEU Maritime), Environmental Permits, EUDR (Anti-Deforestation Regulation), Compensatory Measures (EU "Habitats", "Birds", and "Environmental Impact Assessment" Directives), Water Framework Regulations
- Social & Labor Compliance: Forced Labor Product Bans Regulation

Legal considerations for making investments and divestments in France

The most common means of acquiring a company in private M&A transactions is the use of a share deal, although asset deals also represent a significant proportion of private business combinations. For small businesses, mergers and contributions of assets are less frequently used in this context.

Public M&A transactions can be made in several ways. Takeover offers are usually employed when the target company is not closely held, or when there is no controlling shareholder. Voluntary takeovers are also employed in the case of hostile bids. Otherwise, because many French-listed companies are closely-held, many investors prefer to acquire a controlling interest first, resulting in a mandatory offer. A French listed company may also be acquired by a merger transaction.

Investors may acquire control of a company by a contribution of business or assets in exchange for shares. Contributions of business or assets follow similar rules to mergers.

A. Investment phases: step by step

1. PREPARATION STAGE

1.1 Labour Law Regulations

French Labour Code provides that the Economic and Social Committee of a company has to be informed and consulted about modifications to the economic or legal organisation of a company, including notably merger, sale, acquisition or sale of subsidiaries or investment in a company. The Economic and Social Committee of companies taking part in a private M&A transaction must be informed and consulted in advance of the transaction.

The Economic and Social Committee

Acquirers shall keep in mind that the Economic and Social Committee must have sufficient time and information provided by legal representatives during this consultation period. In tender offers the information and consultation procedure by a bidder follows the public announcement of a deal. On the target side, the Economic and Social Committee must state whether it recommends the offer within one month of its publication.

Nonetheless, Economic and Social Committee's role is merely advisory and it does not have any actual means to influence the decision of either the shareholders of the target or the bidder.

Employee right to submit an offer

In the context of an asset deal with a sale of a business (fonds de commerce) or a share deal relating to the majority of a company's shares, employees must be informed of the possibility of making an offer. In companies with less than 50 employees, the transaction shall not occur prior to the end of a two month period during which the employees may present an offer; in companies with between 50 and 250 employees, this right to present and offer is in parallel of the information and consultation procedure set out above.

The seller does not have to accept the employees' offer - if any - but the procedure must be followed, on pain of a fine of up to 2% of the sale price.

1.2 Stakebuilding

Stakebuilding prior to launching an offer is not common, given the narrow markets with low trading volumes and the immediate impact on share prices; moreover, stakebuilding by cash-settled derivatives has to be disclosed.

In stake building strategies, AMF powers have to be taken into account in particular in case of rumours about a potential tender offer (eg, with "put up and shut up" procedure)

1.3 Shareholding Disclosure Threshold

Any natural person or legal entity, acting alone or jointly, that comes into possession of a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, one-third, 50%, two-thirds, 90% or 95% of the share capital or voting rights of a company with its registered office in France and admitted to trading on a regulated market, has to meet disclosure requirements.

Shares or voting rights owned by:

- other persons on behalf of that person;
- companies controlling that person;
- a third party with whom that person acts jointly; or
- a third party with whom the person has entered into a temporary transfer agreement covering those shares or voting rights,

must be taken into account (assimilated securities) when calculating the ownership of the shares, together with shares granting the use (usufruct) of shares lodged with the person (provided that he or she may exercise the voting rights attached as they choose in the absence of specific instructions from the shareholders), and voting rights which that person may freely exercise by virtue of a Power of Attorney in the absence of specific instructions from the shareholders concerned.

The person or entity crossing any of these thresholds must inform the company of the total number of shares and voting rights it holds within four trading days. The AMF must also be informed of the change within four trading days.

The Commercial Code mentions that a company's articles of association may provide for additional reporting obligations to a company, concerning the holding of other fractions of the share capital or voting rights, though these cannot be below 0.5% of the capital or voting rights of the company.

Additionally, other hurdles to stakebuilding are implemented by French law in connection with special regulations regarding specific sectors, especially investing in credit institutions and insurance institutions.

Finally, any person or entity crossing the 10%, 15%, 20% and 25% thresholds of a company admitted to trading on a regulated market is required to file a detailed declaration of intent within five trading days.

1.4 Derivatives

Dealing in derivatives is allowed but must be disclosed when it comes to calculating shareholding thresholds.

The person passing the threshold must account for issued shares covered by an agreement or cash-settled derivative having an economic effect that is equivalent to the ownership of these shares (calculation with the delta for cash settlement only). More precisely, the AMF general regulation indicates that it covers agreements or derivatives that are indexed, referenced or related to the shares of an issuer, and gives a long position on the shares of the person required to make the notification. In particular, this applies to contracts for difference or any financial instrument exposed to a basket or an index of shares of several issuers, unless they are sufficiently diversified. However, derivatives are not considered when calculating the mandatory offer threshold.

1.5 Short Selling

In addition, a European regulation on short selling aimed at establishing a new European-level harmonised framework and greater transparency came into force in November 2012. Pursuant to this regulation, any person holding a short position equal to or higher than 0.2% (lowered temporally to 0.1% during COVID-19 period) of the share capital of a company admitted to trade on a French regulated market must notify the AMF of this position within one trading day. Then, this obligation applies when one of the successive supplementary thresholds set by 0.1% steps is crossed, either upwards or downwards. When the net short position is equal to or higher than 0.5% of the share capital, the AMF releases this information to the market.

2. PRE-CONTRACTUAL STAGE

2.1 Confidentiality

Regulation

French regulations contain a general disclosure obligation, which states that any person preparing a financial transaction liable to have a significant impact on the market price of a financial instrument, or on the financial position and rights of holders of that financial instrument, must disclose the characteristics of the transaction to the public as soon as possible.

However, the AMF provides that this person may assume responsibility for deferring disclosure of those characteristics if confidentiality is temporarily necessary to carry out the transaction, and if this person is able to ensure such confidentiality. Thus, discussions between a potential bidder and the shareholders of the target may remain confidential if the utmost secrecy can be maintained. Most of the time the deal is disclosed when agreements are signed. If the deal is announced after a first approach it is usually in the case of hostile bids.

Additionally, issuers whose securities are listed on a regulated market are required to comply with market abuse regulation and thus establish insider lists. All parties involved must be prepared to respond promptly in the event of an unexpected information leak.

A "put up and shut up" mechanism has also been implemented, which aims to oblige potential offerors to anticipate the disclosure of their intent to launch an offer or not. The AMF's decision to launch such a mechanism is discretionary and can occur, for instance, if there are large swings in the stocks of the target, market rumours or articles in the press.

The request for disclosure by the AMF may lead to two eventualities: either the suspected bidder confirms their intention to file an offer, which leads the AMF to set a deadline by which the offer itself must be made; or the suspected bidder announces that they have no such intent, which results in a six-month period during which they cannot file an offer concerning this company, and it has the obligation to disclose any purchase representing at least a 2% increase of its prior holding of the company's securities.

Market Practice

Market practice on timing does not differ from legal requirements. Nevertheless, new EU regulations on the publication of privileged/price-sensitive information, which significantly reinforce the level of information that an issuer has to disclose when it has decided to delay the relevant information, could lead to room for interpretation and thus specific market practice.

Under such regulations, an issuer may still, on its own responsibility, delay disclosure to the public of inside information provided that all of the following conditions are met, including: the immediate disclosure is likely to prejudice the legitimate interest of the issuer and the issuer is able to ensure the confidentiality of that information.

However, the issuer must then inform the AMF that the disclosure of privileged/price-sensitive information has been delayed and provide, if requested, a written explanation of how the above-mentioned conditions were met, immediately after the information is disclosed to the public.

2.2 Exclusivity

Exclusivity is more common than standstills in the French M&A market. Usually, French-listed companies are closely held, so that any potential acquirer wishing to engage in a friendly takeover will negotiate directly with the core shareholders, since the free float for trading is restricted. Thus, the few shareholders holding the company accept exclusivity. Although it is not a rule, it is usual practice. In the event that an open bid takes place, exclusivity is usual in the last step of the process after the selection of the final bidder.

2.3 Standstills

The standstill clause is a contractual mechanism commonly used to protect the target company during negotiations. It prohibits a party, usually a potential acquirer, from purchasing additional shares or launching a public takeover bid for the company during a specified period. This measure is designed to ensure that discussions take place in a calm environment, free from pressure or the risk of an unwanted takeover. By limiting the initiatives of the potential acquirer, it prevents one party from using information obtained during negotiations to gain an unfair advantage or influence the company's governance. This provision also promotes confidentiality and trust, facilitating the exchange of sensitive information necessary for the success of the transaction.

2.4 Due Diligence

Basic and fundamental information (annual accounts and auditor reports) can usually be found on public websites or are available with other information directly on a company's website (which usually discloses the accounts for the last five years). Public registers hold basic information on bylaws, patents & trademarks or real estate.

However, in the context of private M&As, it may be difficult to obtain financial information about companies that refuse to disclose such information, since French regulations do not compel a company to do so.

Regarding the scope of information disclosed in data room procedures in connection with takeover situations, potential buyers may access details that could influence a company's share price. Thus, for public M&As, the AMF recommends that the procedure be restricted to the sale of significant shareholdings, as the case may be, covered by confidentiality agreements and restricted to persons evidencing serious intent.

In the event of the sale of a significant shareholding followed by a tender offer, the offer document registered with the AMF must ensure that investors have equal access to all the material facts they need to give their opinion. If the sale of a significant shareholding is not followed by a tender offer, the AMF recommends informing the market of the price and the terms communicated by the interested parties and specifying that a data room is put in place for the purposes of the transaction. Additionally, a company should make public any material and potentially price-sensitive facts that it had undertaken not to disclose but were made available in the data room.

3. STRUCTURING STAGE

3.1 Process for Investments/Divestments

In private M&As, the length of the process is determined by whether a potential acquirer is familiar with the business, requires due diligence or, in the case of financial buyers, financing, and whether the sales process is structured as an auction. Thus, the process could be completed within weeks or months.

In public M&As, the tender offer process and timelines are regulated. In public M&As relating to a Paris stock exchange-listed target business, the AMF, after a period of review that generally lasts from either 20 trading days after the filing of an offer or up until one month and two days after consultation of the Economic and Social Committee, can approve the offer. It can then allow its opening for a period of a minimum of ten trading days in simplified cash tender offers, or 25 trading days in voluntary tender offers.

The review period can be much longer when the transaction is suspended until it is approved by the antitrust authorities, and in the case of a judicial recourse filed against an AMF decision on compliance of an offer, when this challenged decision is suspended by a court decision.

3.2 Mandatory Tender Offer and Exemptions

For the Euronext Paris market, the stock exchange market law requires the filing of a mandatory offer in two situations:

- where any natural person or legal entity becomes the holder of more than 30% of a listed company's share capital or voting rights, either alone or in concert, and directly or indirectly; and
- where any person previously held between 30% and 50% of a listed company's share capital or voting rights, either alone or in concert, directly or indirectly, and increases that holding by at least 1% within twelve months (also referred to as the speed-limit acquisition). In such cases, an investor must inform the company and the AMF and file a tender offer for the remaining equity, and any securities giving access to the company's share capital or voting rights.

If a target company holds 30% or more of the share capital and voting rights of a subsidiary, which is an essential asset of the target, and is also listed on a regulated market, then the mandatory offer is extended to the subsidiary. However, the AMF may grant an exemption to a mandatory offer in certain situations listed in its General Regulations.

3.3 Consideration

On the French M&A market, cash is a more common form of consideration than shares. Exchange offers represent between 5% and 10% of the market depending on the year. It is important to note that if, in the twelve months before an offer is filed, the offeror (acting alone or in concert) has purchased cash securities giving it more than 5% of the shares or voting rights of a target company, the offer must include a cash option.

The AMF may grant an exemption to a mandatory offer in the following ten situations:

- transmission by way of a gift between natural persons, or distribution of assets by a legal person in proportion to the rights of its members;
- subscription to a capital increase by a company in recognised financial difficulty, subject to the approval of a general meeting of its shareholders;
- merger or asset contribution subject to the approval of a general meeting of shareholders;
- merger or asset contribution subject to the approval of a general meeting of shareholders, combined with an agreement between shareholders of the companies concerned establishing a concert party;
- reduction in the total number of equity securities or voting rights in a target company;
- holding of a majority of a company's voting rights by an applicant or by a third party, acting alone or in concert;
- holding of a majority of a company's share capital by an applicant or by a third party, acting alone or in concert, further to an offer made following the normal procedure;
- resale or other comparable disposal of equity securities or voting rights between companies or persons belonging to the same group;
- acquisition of control, within the meaning of applicable laws and regulations, of a company which directly or indirectly holds more than 30% of the capital or voting rights of another company whose equity securities are admitted to trading on a regulated market in a member state of the EU or a state that is party to the EEA agreement, including France, and which does not constitute an essential asset of the company over which control has been acquired; and
- merger or contribution of a company which directly or indirectly holds more than 30% of the capital or voting rights of a company under French law whose equity securities are admitted to trading on a regulated market in a member state of the EU or a state that is party to the EEA agreement, including France, and which does not constitute an essential asset of a merged or contributed company.

Following the 2015 so-called Macron Law, the AMF added another case of exemption for persons crossing a threshold due to the acquisition of double-voting rights from 3 April 2014 to 31 December 2018. As a matter of fact, unless the articles of association provide for the contrary, a shareholder of a company with its registered office in France and admitted to trade on a regulated market will acquire double-voting rights after a two-year period of holding of its shares if such shares are registered.

In any case, whether the consideration is composed of cash or shares, the cash offer, or the valuation of the securities, has to meet the minimum price requirements in connection with mandatory or voluntary offers aimed at control.

When the valuation of a business is subject to uncertainty, parties frequently use earn-out structures to reconcile differing assessments of value. These mechanisms provide for supplementary payments that depend on the attainment of predefined milestones, such as revenue thresholds, EBITDA targets, or the receipt of regulatory consents. Earn-outs may be incorporated directly into transaction agreements or linked to financial instruments. Although earn-outs can be utilized in both public and private M&A transactions, their implementation tends to be more complex in the context of public deals.

3.4 Conditions

3.4.1 General conditions

Numerous regulators supervise M&A activity in specific sectors, such as banking and insurance (the Prudential Supervisory Authority – ACPR), energy (the Commission for Energy Regulation – CRE), telecommunications (the Regulatory Authority for Electronic Communications and Postal Services – ARCEP), broadcasting communication (the Independent Authority to Protect Audio-visual Communication Freedom – CSA) and data privacy (the Independent Authority on French Data Protection – CNIL).

More generally, the Competition Authority (Autorité de la Concurrence) is responsible for merger control and works to prevent illegal economic practices.

Public M&As are regulated by the AMF with the approval (visa) of the public documentation filed by a bidder.

3.4.2 Restrictions on Foreign Investments

French administration controls certain foreign investments in strategic sectors. This control has been strengthened in recent years.

Foreign investments are subject to prior approval by the Ministry of Economy if falling in one of the enumerated strategic business sectors, including but not limited to:

- national defence;
- water or energy supply;
- transportation networks and services;
- space operations;
- electronic communications networks;
- health protection;
- research and development in cybersecurity, artificial intelligence, robotics, additive manufacturing and semiconductors;
- hosting of certain sensitive data; and
- gambling.

A specific regime that has been extended applies when the threshold of 10% of the voting rights of a French listed company is crossed by a foreign investor. The Ministry of Economy may authorise the foreign investment subject to certain conditions, including the carve out of strategic activity.

3.4.3 Antitrust Regulations

Where a concentration has an EU dimension, it will be governed by EU law and controlled by the European Commission; otherwise, French law will apply, under the control of the French Competition Authority. The concept of concentration is defined in the same way in European and French law (merger, takeover or creation of a joint-venture) and appraised in the same way by the Competition Authority and the European Commission.

If the concentration exceeds certain turnover thresholds, it will either be notified to the Competition Authority, to the European Commission, or will not be notified. The calculation of turnover is made in the same way as for European merger control. Some sectors (banking, insurance, retail, etc) are subject to special regulations.

Authorities closely monitor practices that could lead to gun-jumping. And, the French Competition Authority closely look at deals which are below the threshold but could lead to significant competition restriction in particular in tech sector.

3.4.4 Requirement to Obtain Financing

In a private M&A transaction, a financing condition can be implemented in an offer provided by a prospective acquirer. In a public deal, pursuant to French regulation, a takeover offer made to a company whose equity securities are admitted to trading on a regulated market cannot be conditional on a bidder obtaining financing. Indeed, a draft offer has to be filed with the AMF by one or more investment service providers (banking institutions) authorised to act as underwriter(s), and acting on behalf of an offeror.

The filing is made by means of a letter addressed to the AMF guaranteeing the irrevocable nature of the commitments made by an offeror. It must be signed by at least one of the sponsoring institutions. Thus, these banks themselves guarantee that a bidder has the financing, which is why the filing of a takeover offer cannot rely on this condition.

3.4.5 Specific conditions

A tender offer must generally be unconditional, although some exceptions exist.

French law imposes an obsolescence threshold in takeover bids (whether voluntary or compulsory), according to which an offer becomes null and void at the expiry of an offer period if a bidder fails to acquire at least 50% plus one share of the shares or voting rights tendered in an offer.

However, the AMF has proposed to adopt a list of situations where the application of the obsolescence threshold may be waived, and it intends to reserve for itself the power to either lower the 50% plus one share threshold or exempt offerors from its application in certain cases.

- Market participants may introduce certain conditions into their takeover offers, the most frequent of which is a waiver threshold, which can apply only in voluntary offers; the offer made by a bidder can contain a clause making its offer conditional on the purchase of a minimum percentage of the share capital or voting rights. Usually, the minimum is set at the majority of share capital or voting rights of a target. The application of the waiver threshold can be waived until five trading days before the end of the offer. Note that the minimum percentage may be based on a fully diluted share basis but does not have to be.
- A takeover offer can also be made on the condition that antitrust approval is obtained: for the bid to be maintained, the competition authority (either national or international) has to grant a competition clearance, otherwise the offer is automatically withdrawn.
- A third condition is allowed by French regulation, although its implementation is extremely scarce: a person or company may launch an offer on numerous companies, where each offer is conditional on the success of the other offers.

3.4.6 Minimum Acceptance Conditions

The OGM

Persons or entities wishing to take control of a company must pass the 50% threshold of voting rights. This threshold, apart from giving control to a shareholder (whether acting alone or in concert), provides the majority during the ordinary general meetings, the decisions of which concern numerous aspects of the life of a company. An ordinary general meeting has the ability to vote on subjects, such as the approval of accounts, but also on decisions concerning common operations for a company (eg, agreements between a company and a director, authorisation prior to the conclusion of certain transactions by directors, purchase by a company of its own shares, etc).

Most importantly, the OGM is the assembly that can appoint or replace members of the board. Consequently, a bidder acquiring at least 50% of the voting rights of a target will have the capacity to recall the board and replace all management after a merger or an acquisition. In practice, depending on the shareholding structure of the capital, a percentage of less than 50% of voting rights can give control of a target.

Controlling an Extraordinary General Meeting

Another essential control threshold relates to the majority necessary to control an extraordinary general meeting, for which purpose a shareholder must hold at least two thirds of voting rights. Indeed, the extraordinary general meeting can modify the bylaws of a company, which includes the modification of the corporate purpose, changing the name of the company, the transfer of registered offices and, most importantly, the decision to increase or decrease capital. For all these operations, a shareholder must own at least two thirds of voting rights, subsequently giving it control of both an OGM and an EGM.

Voting Rights and Share Capital Thresholds

The 90% threshold of voting rights is also relevant since the market rules of Euronext Paris as well as Euronext Growth provide for a case of simple delisting. According to such rules, a controlling shareholder may request the delisting of shares of a controlled issuer from the stock exchange following a simplified tender offer if certain specific requirements are met.

This level allows core shareholders to launch a squeeze-out procedure and eventually to obtain control of 100% of the share capital.

The 90% threshold of voting rights is also relevant since the market rules of Euronext Paris as well as Euronext Growth provide for a case of simple delisting. According to such rules, a controlling shareholder may request the delisting of shares of a controlled issuer from the stock exchange following a simplified tender offer if the following requirements are met:

- an offeror holds at least 90% of voting rights;
- within the last 12 months prior to the delisting request, the total amount of trades over the shares of an issuer was less than 0.5% of its market value;
- no public offer has been launched over the shares of an issuer during the last 180 days;
- an offeror undertakes to purchase any of an issuer's shares at the price offered in the frame of the simplified tender offer for a three-month period from the closing date of such an offer; and
- an offeror undertakes to report any crossing of the 95% threshold of share capital or voting rights, either upwards or downwards, which may occur during the financial year following the delisting and not to turn an issuer into a simplified joint stock company (société par actions simplifiée).

The 95% threshold of share capital and voting rights should also be noted, as combined with other conditions, the ownership of 95% of the share capital of a subsidiary allows a holding company to avail itself of tax consolidation and to gain a strong advantage in the tax field.

3.5 Agreements

French regulation allows tender offers to be documented in a definitive agreement.

French listed companies are frequently owned by a small number of shareholders holding the majority of shares, so potential bidders wishing to obtain control of the targets get in touch with core shareholders to agree on a share purchase agreement, eventually resulting in a voluntary tender offer, intending to take control of the target company. Two situations can arise from this offer:

- either the control company is indeed acquired by a bidder through an SPA, making the bid successful; or
- the core shareholders find themselves obliged to tender the stake into the offer under a tender and support agreement (engagement d'apport).

To ensure success of an offer it is more and more common that a target company enters into an agreement with a bidder, such as a merger agreement.

Bidders have a formal obligation, when filing a tender offer, to apply for 100% of the share capital, apart from specific simplified offers where they can seek only 10% of the capital.

As long as a bidder does not cross the 30% mandatory offer threshold, it has the option to enter into a range of agreements (including shareholder agreements) that provide it with additional governance rights. The most common agreements are shareholder agreements on all kinds of subjects, including providing a bidder with specific rights with regards to the board.

3.6 Deal Protections

Break-up fees are not prohibited under French regulation, and they appear to have been used increasingly frequently in recent years, in particular in private deals. In tender offers, break-up fees can take two forms, depending on whether they are agreed to by the core shareholders or with a target company itself.

If agreed to by core shareholders, they are included in the shareholders' irrevocable commitment to tender their shares. These agreements have been challenged by the French courts, when they have been found to hinder the concept of the free play of offers and counter-offers. French law provides that, to make a counter-offer competitive with an initial offer, a new bidder has to propose a share price that is at least 2% higher than the first price.

If break-up fees are agreed with the target business, care must be taken that they cannot be interpreted as contrary to the corporate interest of the company, as in this case the agreement will not be authorised. Furthermore, break-up fees may prevent any counter-offer that would not be attractive for the shareholders, ie, all offers that do not allow the fees to be absorbed, and which de facto automatically raise the minimum price of a counter-offer. For this reason, the AMF is very careful about break-up fees. Sometimes reverse break-up fees are contemplated to avoid the bidder quitting a deal.

When filing the offer, there is an obligation to disclose any break-up fees and other deal protection measures taken by a listed company or its shareholders to the public and the AMF.

Non-solicitation provisions are quite common between an offeror and core shareholders – although not between an offeror and the board of a target. The action open to the board of a target is to search for a "white knight" (friendly investor).

French regulations allow the **execution of irrevocable commitments** to tender the shares of a target company (*engagements d'apport*). However, the principle of the free play of offers and counter-offers is violated if the first bidder obtains advance commitments from shareholders, in the form of presentation promises or promises of sale, which ensure the success of its offer. Thus, these commitments are strictly controlled by the AMF, which tends to interpret provisions contained in such agreements in favour of shareholders, for the purpose of offering them an exit if a better offer is made.

However, in a case involving Accor, an appeals court decided that such irrevocable commitments were lawful if there was no decisive advantage contradicting the principle of free play of offers and counter-offers given to the first bidder.

Nevertheless, irrevocable commitments are not commonly implemented, since prospective offerors would rather obtain the control of a block of shares in the first place, bought from a core shareholder, which would allow much stronger security for a bidder and which may be a prerequisite for making either a voluntary or a mandatory offer.

Negotiations for an irrevocable commitment to tender the shares or for the acquisition of a key shareholding are mostly undertaken before an offer is filed.

3.7 Squeeze-Out

The mandatory acquisition of minority shareholdings, or squeeze-out mechanisms, can take place in two distinct situations:

- following a tender offer, in which case the squeeze-out procedure has to be implemented within three months; or
- following a buyout offer addressed to minority shareholders.

Squeeze-out Following a Tender Offer

To be entitled to carry out a squeeze-out connected to a tender offer, an offeror has to hold at least 90% of the share capital and voting rights of a target at the end of an offer. The AMF requires the offered price to be at least equal to the price offered in the previous offer if the offer was made in cash. This is the case whether an offer followed the normal offer procedure (without the intervention of an independent expert valuation) or followed the simplified procedure (in which case the AMF can review the price of an offer considering an independent expert valuation for a squeeze-out).

Where an offer follows the normal procedure and is voluntary, the AMF does not have to review the subsequent squeeze-out, which is automatic. Otherwise, the squeeze-out and its price have to be cleared by the AMF in the original decision of compliance or in a new decision.

Dans une récente affaire C-225/25, Korfin et Sempiola Invest, demande de décision préjudicielle présentée par le Najvyšší súd Slovenskej republiky (République slovaque) le 24 mars 2025, il est demandé à la CJUE si une offre volontaire suppose l'acquisition initiale du contrôle par l'initiateur pour pouvoir engager un retrait obligatoire, ce qui empêcherait des retraits obligatoires en cas d'offre faites volontairement par des initiateurs ayant déjà le contrôle.

In a recent case, C-225/25, Korfin and Sempiola Invest, a request for a preliminary ruling was submitted by the Najvyšší súd Slovenskej republiky (Supreme Court of the Slovak Republic) on March 24, 2025. The Court of Justice of the European Union (CJEU) is asked whether a voluntary offer requires the initial acquisition of control by the offeror in order to trigger a squeeze-out, which would prevent squeeze-outs in cases where voluntary offers are made by offerors who already have control of the target.

Squeeze-out Following a Buyout Offer

The rules are quite similar for a squeeze-out after a buyout offer. A shareholder wishing to launch a squeeze-out procedure must hold, alone or in concert, at least 90% of the share capital and voting rights at the end of the buyout offer.

If the bidder did not make it clear during the filing of a buyout offer that he or she intends to start an automatic squeeze-out procedure after the buyout, the AMF must be informed within ten trading days and the squeeze-out and its price have to be cleared by the AMF in a new decision.

4. DISCLOSURE STAGE

4.1 Announcement

A tender offer can be made either under a voluntary or a mandatory procedure if a bidder crosses one of the mandatory offer thresholds. If an offeror makes a voluntary tender offer, the bid is made public before the filing of an offer with the AMF. For this purpose, the bidder must post its draft offer on its website, and is obliged to issue a press release stating the main provisions of its offer and indicating that the offer is subject to the AMF's approval.

In the case of a mandatory tender offer, the bid must be made public immediately after the event triggering the mandatory offer occurs – most usually, the crossing of the 30% threshold, but also a 1% increase in holdings of between 30% and 50%. In this situation, the announcement of the bid must be made by publication on its website and in a press release.

4.2 Documentation

A bidder has to produce an offer document (*note d'information*) to be filed with the AMF as a draft, to which a target replies with a draft response document (*note de réponse*).

The offer document must contain: the terms of its offer; the proposed price or exchange ratio; the number and type of securities that an offeror promises to acquire; the number and type of securities of a target company that the offeror already holds (directly or indirectly, alone or in concert, or that it may hold on its own initiative), if applicable; the conditions to which the offer is subject; the planned timeline for the offer; the terms of financing for the transaction and the impact of those terms on the assets, activities and results of the companies concerned.

The offeror's intentions for at least the coming 12 months are key and should cover:

- the framework for the combination of the two companies (target markets, market shares, head count and the size of the new group);
- the ongoing operation of a target company and also of the offeror, to the extent that it is affected by the bid;
- its employment policy;
- the industrial organisation of the new group and the structure of its decision-making bodies;
- the benefits of the transaction for the two companies and their shareholders;
- any planned synergies, as well as the expected economic benefits of the transaction and when these are likely to be realised;
- costs associated with the transaction;
- whether a merger is contemplated; and
- the possibility of a squeeze-out or of a buyout offer followed by a squeeze-out, in the event that the offeror obtains 95% or more of the equity securities, or securities that give or could give access to capital or voting rights.

The response document must contain: any restrictive clauses agreed by the parties concerned or their shareholders that could have an impact on the assessment of a bid or its outcome; a report mentioning elements such as the structure of the share capital of a company; the statutory restrictions of the exercise of voting rights and transfer of shares; all direct or indirect shareholding of a company of which it has knowledge; the list of holders of any securities with special control rights and their description; all agreements between shareholders that a company is aware of, and which may result in restrictions of the transfer of shares and the exercise of voting rights; the rules governing the appointment and replacement of members of the board and the modification of by-laws; and the powers of the board particularly concerning the issuance or purchase of shares etc.

In most cases, the response document contains a report from an independent expert. The key points for shareholders are the conditions under which the board reached a reasoned opinion regarding the merits or risks of an offer for a target company, its shareholders and its employees. Any board member who disagrees with the board's opinion may request that the dissident opinion be disclosed.

In addition, the intentions of the members of the board to tender their shares or to keep them are also disclosed to the market. Further points of interest include, if they are available and different from the reasoned opinion of the board and comments by the Economic and Social Committee, staff representatives or staff members including the report of the independent expert of the Economic and Social Committee, if any.

Currently, there are no transaction documents that have to be disclosed in full. Only their main provisions have to be disclosed.

4.3 Financial Statements

Where all or part of an offer is to be settled in securities, no formal prospectus is required, but disclosure equivalent to a prospectus is needed. An offeror must prepare a full presentation, with reference to the relevant Annex of the EU Regulation.

The impact of the offer on the offeror's main accounting results and consolidated accounts is usually presented if this impact will be significant. The information is set out in a table that indicates the main parts of the financial statements or key financial parameters.

B. Duties of Directors

A director's main duty is to act in the company's best interest. Recent legal developments confirmed the prevailing conception that the "best interest" should be understood as that of the company itself, considered as an autonomous legal entity and pursuing its own ends, aimed to ensure the prosperity and continuity of the company.

In addition, since directors must consider stakeholders' interests, which may be contradictory at times, they have to keep in mind the fact that the quality of an offer is not always entirely linked to the price offered per share. The intentions of a bidder must be analysed, and quite often its intent towards strategy is crucial when deciding whether to accept or reject its offer.

1. Corporate interest of the company

Since 2014, the scope of the board passivity rule has been reduced drastically as the board of directors of a target company now has the power to take all decisions likely to have the effect of making the bid fail, subject to the prerogatives explicitly reserved to shareholders in their general meetings limited to the interest of the company.

The board of directors must continue to act in accordance with the interest of the company, even in adopting defence measures in the context of a takeover. This is the one point upon which a court can rely and possibly condemn in the event of litigation.

Moreover, companies who wish to opt out of this new regulation can continue to refer to the old board passivity rule subject to reciprocity or not in their articles of incorporation.

2. Independent Advice

It is common to have lawyers and financial advisers appointed by each party involved, by a target company and by the board and/or the ad hoc committee of the board in case of a risk of conflict of interest. It is also common in France to appoint an independent expert to assess the fairness of terms offered to shareholders of a target company (this can even be mandatory, for instance in the case of a conflict of interest within the board of a target).

The report produced by the expert usually contains a description of the research carried out by that person and a fairness opinion, which has to conclude on the fairness of the price and possible disagreements with the offeror and its financial advisers. In some cases, strategic advisers are also used.

3. Preparation of Board decisions

There is no obligation in France to establish ad hoc committees to analyse business combinations. However, they are very common in cases of conflict of interest that arise when the board faces an offer. In these situations, an ad hoc committee is organised to investigate, from an independent point of view, the benefits of the transaction.

The ad hoc committee's duty is to assist the work of the board and bring clarifications to the board, which still bears all liability and makes decisions. Most of the time, a member of the board of a French company has the right to vote during a meeting of the board – even in cases of conflict of interest. French law does not prohibit voting by a director even if an ad hoc committee is established.

Unlike in other jurisdictions, the board keeps all its powers and liabilities towards the shareholders even if an ad hoc committee is created.

4. Conflicts of Interest

The French Commercial Code on related party transactions provides that any agreement between a company and one of its directors or executive directors, one of its managers, one of its shareholders holding a fraction of the voting rights exceeding 10%, or, in the case of a corporate shareholder, the controlling company, must be subject to the prior approval of the board.

Also subject to prior authorisation of the board is any agreement between two companies if a director, executive director or manager of the first company is an owner, partner with unlimited liability, manager, director or member of the supervisory board of the second company.

The control of related party transactions is carried out in different steps, including prior approval of the board and the vote by the shareholders' meeting (as the case may be, the related party shall not vote).

Moreover, a soft law principle of the Code AFEP-MEDEF provides that board members of a publicly traded company have the obligation to inform the board of any actual or potential conflict of interest and must abstain from voting on the corresponding resolution. The interested party may not take part in the vote and the law specifies that the term "agreement" should be understood to include not only agreements made directly with the interested party himself, but generally all agreements in which the director or shareholder is directly or indirectly interested, or which he or she makes with the company through an intermediary. The courts have had a broad interpretation of what constitutes an interested transaction in this context: the prior approval requirement is triggered whenever a director or shareholder derives a benefit from a transaction with the company. The board approval is motivated by justifying the interest of the agreement for the company, in particular in light of financial conditions. Failure to seek prior approval of an interested transaction, or its approval by a subsequent ordinary shareholder meeting, can have several consequences depending on the nature of the company. Typically, the agreement can be declared null and void if it has caused prejudice to the company or if the interested party may be liable for any prejudice caused to the company.

C. Defensive Measures

1. Hostile Tender Offers

Hostile takeovers are permitted in France, but unsolicited tender offers are the exception rather than the rule. Likewise, defensive measures are rare. This is partly because under stock exchange regulations directors have to be objective when facing a tender offer and, until recently, they could not take any defensive measures.

However, in practice, preventive defence mechanisms were sometimes implemented to avoid or lower the risk of an unsolicited tender offer.

One widely used preventive defence is the concentration of power among specific – friendly – shareholders and the use of shareholder agreements. Some of the techniques employed in accordance with these mechanisms are:

- limitation of voting rights after the crossing of a threshold in the share capital (although this is more usual in listed companies having a spread shareholder base without a core shareholding);
- shareholder agreements such as pre-emption agreements (allowing existing shareholders to acquire in priority the shares that are being sold); and
- consultation agreements in the event of a hostile tender offer.

Identification mechanisms are also considered to be preventive defence measures, since they allow companies to learn about third parties to the share capital. The most frequent identification mechanisms are:

- the implementation in a company's bylaws of additional reporting thresholds to the company, which cannot be below 0.5% of the share capital or voting rights, in addition to the legal, mandatory shareholding disclosure thresholds; or
- forcing the persons or entities wishing to acquire shares in a company to disclose their identity, either by keeping the shares held in the registered form or by getting the depositary to identify the owners of bearer shares.

2. Measures

So far, the most efficient active defence measure under French law has been the use of free subscription warrants (Bons Breton). An EGM with special rules for voting may decide to propose these subscription warrants giving access to equity at a strong discount to existing shareholders before the offer period ends, thus provoking a dilution of a bidder's shares in the total share capital. If such a decision is taken, the general regulations of the AMF could allow an offeror to withdraw his or her offer if the substance of a company is modified (this analysis, though commonly accepted, cannot be confirmed or refuted with certainty). This defensive measure seems to be used as a threat against potential hostile offers; there is no precedent in which it has actually been implemented.

Moreover, the most common defensive measure when facing a hostile offer is the search for an alternative bid or combination. Some combinations do, however, compel a board to obtain authorisation from shareholders, which may be lengthy and difficult to put in place in listed companies.

Negative statements regarding the strategy to be implemented by an offeror or regarding the consequences of this strategy, made by a board of directors are also frequently used, encouraging the free float to resist the offer.

Directors must not only act according to the best interests of society, but also take into consideration the social and environmental stakes of the company's activity. The management of a company targeted by a hostile tender offers could therefore try to defend itself by arguing that the bidder's offer is in contradiction with the company's or the stakeholder's interests, or even that the company's raison d'être is incompatible with the offer. More simply, French listed companies, since they are often closely held, rely on a friendly controlling shareholding – usually reinforced with shareholding agreements and double-voting rights granted to long-standing shareholders.

During the takeover bid launched by Veolia for Suez in 2020-2021, Suez implemented a legal and financial defense strategy to counter the attempted acquisition. The central element of this defense was the creation of a Dutch law foundation ("Stichting"), to which Suez transferred ownership of its strategic "Eau France" division. This independent foundation, governed by Dutch law, was designed to make any sale or takeover of this business extremely difficult without the foundation's consent. This mechanism, inspired by Anglo-Saxon "poison pills," aimed to protect Suez's key asset from a hostile takeover by preventing Veolia from accessing the most strategic part of the group. The foundation had the authority to block any transaction involving "Eau France" for a set period, thereby making the takeover bid less attractive and more complicated for Veolia. This strategy was hotly debated from a legal standpoint and prompted intervention from French and Dutch authorities, as well as extensive exchanges between the parties. Ultimately, the foundation served as a leverage point in the negotiations between Suez and Veolia, contributing to the eventual agreement on the merger of the two groups.

The AMF closely monitors defensive measures to ensure they comply with tender offer principles.

3. Board role

Directors have a permanent duty to act in the company's best interest, irrespective of the fact that the board passivity rule has been abolished. Company's best interest prevents directors from making decisions that would not be for the benefit of the company.

Moreover, compelling takeover principles of free competition between offers continues to limit, in practice, a management's capacity. The most significant of these principles are equality of treatment between shareholders, transparency and loyalty.

The so-called the "Nancy Reagan defence" is seldom used in practice in France. Management prefers to obtain support, either formal or informal, from key shareholders. A decision by directors to coalesce and "just say no" on their own initiative is considered very risky.

To gain support from existing shareholders to push a hostile offer back, directors appoint advisers and independent experts with the aim of getting a precise valuation of the scope and the consequence of a transaction, and the potential entity that would result from the combination.

D. Litigation

1. General overview of litigation

Except in hostile public offers, where litigation is a substantive part of the process, neither litigation nor arbitration related to M&A are common in France. The most frequent subject of M&A litigation lies in earn-out provisions and warranty claims, mostly in private M&A. Additionally, litigation linked to sales and acquisitions has sharply increased and, to a lesser extent, litigation related to mergers. This can be partly explained by the high number of financial targets in distress.

The most frequent lawsuits involving listed companies concern the decision of the AMF to declare an offer compliant or to authorise a squeeze-out (which happens to be implemented after takeovers). The minority shareholders who underwent the squeeze-out procedure sometimes go to court to challenge AMF decisions and obtain compensation for their shares.

The AMF can launch an investigation, either upon request from minority shareholders or at its own discretion, and make sure that the regulations were followed as they should be. In such cases, there are many different causes of disputes, including the avoidance of a mandatory offer after a threshold was crossed and bid prices that are deemed too low.

Generally, litigation happens once private M&A transactions are completed, and usually concerns either earn-out provisions or warranty claims. In public M&As, litigation is rare, except in hostile takeovers where used as a weapon by all parties involved, and usually involves court review after AMF approval.

2. Shareholder Activism

Shareholder activism is an important trend in the French M&A market, and an increasingly relevant consideration for corporate boards to bear in mind, notably regarding governance issues.

Activism is favoured in France by a tendency of pro-minority shareholder regulations. Such activism tends to protect minority shareholders in disciplining management in order to implement value creation. Shareholder activism is expanding, especially for companies listed on a regulated market.

As well as the classic financial and political considerations (higher dividends and board seats notably), activists can also focus on environmental, social and governance issues and are now in a position to use the company's raison d'être as a lever on management.

Activists sometimes encourage companies to enter either into transactions, reorganisations or major divestitures. They sometimes question the relevance of the management, the governance, the strategy or a transaction on its general or financial terms. The final aim is of course to have a better valuation of the stock of the company.

Most of the time, as soon as a transaction is announced, activists actively use the press to put pressure on a deal and seek to influence the transaction. The aim is usually to gain time to try to find a better offer, with better price/better financial conditions.

Sometimes activism can lead to very important court decisions. The interpretation of "de facto control" may have changed. At the end of 2024, Vivendi initiated a project to spin off its activities into several separate entities. Bolloré SE, the principal shareholder of Vivendi with approximately 29% of the share capital, has been considered as playing a central role in this operation. To facilitate the spin-off, Bolloré SE and other companies obtained a waiver from the AMF, exempting them from the obligation to launch a tender offer for Vivendi. The activist fund CIMA challenged this waiver before the Paris Court of Appeal, arguing, in particular, that Bolloré SE exercised de facto control over Vivendi.

In April 2025, the Court of Appeal overturned the AMF's decision and determined that Bolloré SE did indeed control Vivendi. Bolloré SE appealed to the Supreme Court, but this appeal is not suspensive. On the other side, the AMF decided, on July 18, 2025, the obligation for Bolloré SE to launch a mandatory tender offer for Vivendi at a price to be validated by the AMF. Bolloré SE subsequently appealed this decision before the Court of Appeal. This case is notable as it establishes a broad interpretation of the concept of "de facto control." It could influence market practice regarding control, public offers in France, and raise, in certain circumstances, important questions concerning the contractual provisions based on control / change of control.

3. Class Action

Securities class actions have been introduced in France. The DDADUE law of April 30, 2025 marks a major evolution in collective action in France, with the aim of making class actions more accessible, effective, and adapted to contemporary challenges, now including the possibility of securities class actions. As a result, the center of gravity of corporate governance may shift more in favor of shareholders.

The expansion of the circle of persons entitled to bring actions—now open to non-approved associations, trade unions, the public prosecutor, and qualified European entities—seeks to strengthen the mobilization capacity and representativeness of the groups concerned, while facilitating the defense of collective interests, including at the cross-border level.

The law also introduces procedural innovations, such as the designation of specialized courts to handle these actions, the elimination of the requirement for prior formal notice (except in labor law), and the obligation to publicize results, in order to increase the transparency and effectiveness of the system.

Furthermore, the text expressly allows third-party funding of group actions, subject to guarantees of impartiality and transparency, which should remove one of the main practical obstacles to initiating such proceedings. The establishment of a public register of ongoing group actions, accessible to the public, addresses the need for transparency and monitoring of judicial activity.

In terms of sanctions, the law creates a proportionate civil fine in cases of willful misconduct causing serial harm, the amount of which may reach up to five times the profit made by the responsible legal entity, and which will be allocated to a fund dedicated to financing group actions. This sanction, which cannot be insured against, is intended to deter fraudulent behavior and strengthen the protection of victims.

Applicable to actions brought after May 2, 2025, the reform addresses the shortcomings of the mechanism introduced in 2014, which had limited success due to complex and restrictive procedures, and forms part of the transposition of European Directive 2020/1828.

4. Increase of litigations

In recent years, there has been a significant increase in litigation arising from major market transactions, whether mergers and acquisitions, restructurings, or spin-offs. Shareholders, whether minority or institutional, no longer hesitate to turn to the courts to challenge decisions made by governing bodies or to hold executives accountable. This trend reflects a shift in corporate governance culture, where the pursuit of consensus is increasingly giving way to judicial confrontation.

This phenomenon is part of a broader context of heightened divisions and oppositions within society. Shareholder expectations are higher than ever; transparency and accountability have become essential requirements, and even the smallest strategic decision can now be scrutinized, contested, or challenged in court. As a result, executives face an increased risk of being held liable, whether for operational choices, failures in disclosure, or actual or perceived conflicts of interest.

The growing judicialization of relationships between companies and their shareholders also reflects a change in mindset: shareholders are no longer satisfied with a passive or advisory role, but are fully asserting their right to defend their interests, including through litigation. Major transactions, which involve substantial financial and strategic stakes, have thus become a prime battleground for such confrontations, with potentially serious consequences for the reputation, valuation, and stability of the companies involved. The ability to manage opposition and prevent conflict, while meeting compliance and governance requirements, has now become a key success factor for corporate transactions.

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