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Yong Kyu Gam
University College Dublin

Woochan Kim
Korea University, AICG and ECGI

Yongjoon Lee
University of Michigan, Ann Arbor

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Abstract

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Keywords: Mandatory Bid Rule, Corporate Takeovers, Lowballing, Investor Protection

JEL Classifications: G30, G32, G34, G38

Yong Kyu Gam*
Assistant Professor
University College Dublin
Carysfort Ave, Blackrock, Co.
Dublin, Ireland
e-mail: kevin.gam@ucd.ie

Woochan Kim
Professor of Finance
Korea University
Anam, Seongbuk
Seoul 136-701, Korea
phone: +822-3290-2816
e-mail: wckim@korea.ac.kr

Yongjoon Lee
Researcher
University of Michigan, Ann Arbor
2350 Hayward Street
Ann Arbor, MI 48109, USA
e-mail: yongjlee@umich.edu

*Corresponding Author

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Yong Kyu Gam[*]
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Woochan Kim[†]
Korea University

Yongjoon Lee[‡]
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[*] College of Business, University College Dublin; E-mail: kevin.gam@ucd.ie
[†] Korea University Business School, Korea University; E-mail: wckim@korea.ac.kr
[‡] Stephen M. Ross School of Business, University of Michigan, Ann Arbor; E-mail: yongjlee@umich.edu

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Abstract

The mandatory bid rule (MBR) requires an acquirer who crosses a specified ownership threshold in a public company to offer to purchase the remaining shares at a fair price. How does the MBR reshape corporate acquisition deals? Does the change in deal structure promote fairness among shareholders? To address these questions, we examine how the adoption of the MBR affects the structure of corporate acquisition deals, using a sample of acquisitions from 41 countries over 1981-2023. We find that, following MBR implementation, voluntary public acquisition deals become more prevalent, whereas privately negotiated deals become less common, thereby providing shareholders with greater opportunities to exit their investments. In addition, the rule is associated with more lowballing—lower bid prices or control premiums in threshold-crossing acquisitions after the equal-pricing reference period expires—with stronger effects under shorter reference periods. Overall, while the MBR promotes equal treatment by giving all shareholders an opportunity to sell, it can generate unintended lowballing in subsequent deals, particularly when reference periods are short. This underscores the importance of careful MBR design, especially in setting the equal-pricing reference period, for achieving its fairness objectives.

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1. Introduction

Extensive research in economics and finance demonstrates a strong link between investor protection and various dimensions of capital market dynamics, including equity financing and corporate valuation (e.g., La Porta et al., 1997; La Porta et al., 2002; Reese and Weisbach, 2002). Building on these insights, many countries have implemented a variety of regulatory mechanisms to enhance investor protection, particularly for minority shareholders. One such mechanism is the mandatory bid rule (hereafter MBR), which has been widely adopted as a key policy tool to safeguard minority shareholders in corporate takeovers (Bergström et al., 1997; Berglöf and Burkart, 2003; Eswar, 2019). Under the MBR, an acquirer who gains control of a public company—generally by surpassing a defined shareholding threshold—must make an offer to purchase the remaining shares from all other shareholders on fair terms. The rule's primary objective is to promote fairness by ensuring that all shareholders, particularly minority shareholders, have an equal opportunity to sell their shares at a fair price. To this end, many developed countries—including most OECD members, such as the United Kingdom and European Union countries—as well as several emerging economies, have adopted the MBR since the 1970s. In contrast, several countries, including the United States, have not implemented a compulsory acquisition rule like the MBR. Instead, they aim to protect minority shareholders and promote equal treatment in acquisitions indirectly through market-based mechanisms, such as the fiduciary duties of boards of directors and the availability of derivative lawsuits.

Against this background, an important question arises: does the MBR achieve its intended objective of promoting fairness in acquisitions by ensuring that minority shareholders have an equal opportunity to sell their shares at the same price as controlling shareholders? Alternatively, do other forms of acquisition transactions become more prevalent as a means of circumventing the

mandatory bid requirement, thereby undermining fairness in acquisition transactions? To address these questions, we examine the effects of MBR adoption on acquisition deal structures using data on global acquisition transactions across 41 countries from 1981 to 2023. Specifically, we exploit the staggered adoption of the MBR across countries as plausibly exogenous shocks, comparing changes in deal structures before and after MBR adoption between countries that implemented the MBR (treated deals) and those that did not (control deals).

Using difference-in-differences (DiD) analysis, we find significant post-MBR changes in deal types in the treated group relative to the control group. We first examine changes in the likelihood of pre-crossing public deals. A deal is classified as a public deal if it is not privately negotiated. A deal is classified as pre-crossing if the acquirer's pre-deal ownership stake falls below the ownership threshold that triggers a mandatory bid under the MBR, implying that the acquisition is undertaken voluntarily rather than in compliance with the MBR. We find that, following MBR adoption, the likelihood of pre-crossing public deals increases by 16-17 percentage points relative to the control group. In contrast, following MBR adoption, we find no significant change in the likelihood of post-crossing public deals, in which the acquirer's pre-deal ownership stake exceeds the ownership threshold that triggers the mandatory bid requirement under the MBR. Furthermore, the likelihood of privately negotiated deals declines by 13-19 percentage points following MBR adoption, suggesting that such deals are largely replaced by voluntary public offers. This increase in pre-crossing voluntary public deals may reflect acquirers' incentives to avoid the MBR's strict pricing constraints by pursuing voluntary public offers before those constraints are triggered. Such offers are typically exempt from the mandatory bid obligation because they treat all shareholders equally, in line with the MBR's objective.

Consistent with this shift toward voluntary public transactions, treated deals also involve

larger ownership stakes post-acquisition. This pattern is reflected in the rising number of crossing deals, which increases by 14.0-14.7 percentage points following MBR adoption. Crossing deals are defined as transactions in which the acquirer crosses the threshold deemed to confer control of the target company under the MBR. As a result of the increased use of voluntary public deals, the likelihood of full or majority share acquisitions also increases. Correspondingly, the likelihood of staged transactions involving the same acquirer and target over an extended period declines following the adoption of the MBR. These findings support the view that MBRs promote fairness by giving all shareholders, including minority shareholders, an equal opportunity to sell their shares to the acquirer through the greater prevalence of public transactions.

Next, we examine the effects of MBR adoption on the likelihood of lowballing. We classify a deal as lowballing if it satisfies all three of the following criteria: (1) the deal price or control premium is lower than that in the previous deal, or the control premium is negative; (2) the deal occurs after the equal-pricing reference period following the previous deal between the same acquirer and target has elapsed; and (3) the deal results in the acquirer's ownership stake crossing the MBR threshold.[1] We find that, although the likelihood of staged acquisitions declines as voluntary public offers become more prevalent following MBR adoption, the likelihood of lowballing among the remaining staged deals increases by 10-11 percentage points in the treated group. Lowballing is more prevalent in deals that occur after the reference period from the previous deal has expired, since the obligation to offer an equal price to all remaining shareholders no longer applies; consistent with this, the time between consecutive deals increases by approximately 75 percent following MBR adoption. These results suggest that, although MBR adoption provides

[1] The control premium is defined as the offer price minus the target's closing stock price one day before the deal announcement, divided by the latter, following prior studies such as Barclay and Holderness (1989), Rossi and Volpin (2004), and Wang and Lahr (2017).

minority shareholders with greater opportunities to sell their shares through single public transactions rather than staged deals, it may also be associated with unequal pricing across shareholders when acquisitions are completed through multiple transactions over an extended period. However, we also find that the likelihood of lowballing is mitigated when longer reference periods for the equal pricing requirement relative to prior deals apply—for example, beyond 180 days—suggesting that MBR design plays a critical role in promoting or preventing such lowballing practices after adoption.

It is important to note that our results are robust to the inclusion of company-level control variables for both target firms and acquirers, such as firm size, leverage, and profitability. The findings also remain consistent when we add deal-level control variables, including deal attitude and cross-industry acquisitions, to the regressions. In addition, all regressions include fixed effects for time (year-month), industry (based on the target firm), and country (based on the target firm's country of incorporation). These fixed effects control for time-specific macroeconomic trends, as well as time-invariant unobservable characteristics at the industry and country levels, such as differences in legal systems and institutional environments. Using dynamic stacked DiD regressions with a 72-month event window around MBR adoption, we confirm that both the likelihood of pre-crossing voluntary public deals and the likelihood of lowballing increase among treated transactions following MBR adoption, while finding no evidence of differential pre-trends between treated and control deals.

Our paper contributes to the growing literature documenting the effects of the MBR. For example, Eswar (2019) documents that the adoption of MBR is associated with higher stock returns for target companies across a sample of 15 European countries. Wang and Lahr (2017) find that the MBR increases overall synergistic gains in takeovers. Lee, Kim, and Kim (2026) find no

empirical evidence that MBR adoption increases acquisition costs or reduces the likelihood of takeovers. Kim, Kim, and Lee (2023) show that control premiums paid by acquirers—and the private benefits of control they extract—decline following MBR adoption, which may help explain the absence of significant changes in acquisition costs and takeover likelihood. Using a sample of acquisitions in France, Eckbo and Langohr (1989) show that, following controlling-block trades subject to the MBR, only a small fraction of the remaining shareholders tendered their shares in the mandatory offer. Our paper takes a step further by addressing more fundamental questions about how the MBR reshapes corporate acquisition deals and how effectively it promotes the fair treatment of shareholders. We present mixed evidence along two distinct dimensions. On the one hand, the MBR increases opportunities for shareholders to sell their shares by fostering greater use of voluntary public transactions before the acquirer crosses the ownership threshold that triggers a mandatory bid under the MBR. On the other hand, the MBR is associated with a higher likelihood of lowballing, reflected in differential pricing across shareholders over an extended takeover horizon.

Our paper is closely related to the literature on potential lowballing practices in takeover deals in countries that have adopted an MBR. Mülbert and Sajnovits (2024) introduce the concept of lowballing in the context of the EU MBR, defining it as situations in which offerors set bid prices below the prevailing market price. They illustrate this phenomenon using prominent cases such as Porsche/VW and ACS/Hochtief. Using samples from European countries including France, Italy, and Germany, Cadorin and Gatti (2025) examine whether lowballing practices—specifically, offering lower prices to minority shareholders through side contracts—are prevalent in jurisdictions subject to the MBR. Building on the conceptual frameworks and anecdotal evidence from prior studies and using a global sample of takeover deals spanning 41 countries over four

decades, we provide systematic empirical evidence of increased lowballing practices following the adoption of the MBR—particularly over extended takeover horizons after the expiration of the reference periods for the equal pricing requirement relative to prior deals—thereby making a significant contribution to the literature.[2]

Furthermore, our paper offers important policy implications by providing empirical evidence that the likelihood of lowballing can be mitigated under specific conditions, such as longer reference periods during which equal pricing must be maintained for shares purchased from any shareholder. Our findings underscore that the design of the MBR plays a crucial role in either curbing or facilitating lowballing practices.

The remainder of the paper is organized as follows. Section 2 provides the institutional background of the MBR. Section 3 introduces our testable predictions. Section 4 describes the data sources and empirical methodology. Section 5 presents summary statistics and the main empirical results. Section 6 concludes.

2. Institutional Background

The mandatory bid rule (MBR) is a takeover regulation designed to protect shareholders—especially minority shareholders—when control of a public company changes hand. Under the MBR, once an acquirer obtains control of a public company—typically by crossing a specified shareholding threshold (for example, 30 percent of voting rights in the U.K.)—the acquirer is legally required to make a bid for the remaining shares. This offer must be made to all remaining

[2] Broadly, our study is closely related to the literature addressing issues of investor protection in corporate takeovers. (e.g., Yarrow, 1985; Burkart et al., 1998; Burkart et al., 2000; Rossi and Volpin, 2004; Bris and Cabolis, 2008; Bauguess and Stegemoller, 2008; Eckbo, 2009; Kuipers et al., 2009; Humphery-Jenner, 2012; Kim, 2012; Burkart et al., 2014; Liao, 2014; Larrain et al., 2017; John et al., 2010)

shareholders, and it must be on fair, equal, and non-discriminatory terms, usually at a price no less than the highest price the acquirer paid to gain control. The core purpose of the MBR is fairness among shareholders. When control shifts, the acquirer often pays a control premium to the selling (typically controlling) shareholders. Without the MBR, minority shareholders could be left behind, forced to remain invested under a new controlling shareholder without having had the chance to benefit from that premium. The rule ensures that all shareholders have an equal opportunity to exit at a fair price when control changes. Because of these investor-protection goals, the MBR has been widely adopted since the 1970s, particularly in developed markets. Most OECD countries, including the U.K. and European Union member states, apply some form of the rule, and it has also been introduced in several emerging economies as part of efforts to strengthen corporate governance and capital market confidence.

The shareholding threshold that triggers the mandatory bid obligation varies across countries, reflecting differences in corporate ownership structures and regulatory approaches (Lee, Kim, and Kim, 2026). Nevertheless, most jurisdictions set the threshold at or around 30 percent of voting rights, which is widely regarded as the point at which effective control is obtained. In the U.K., for example, the mandatory bid rule is triggered when an acquirer reaches 30 percent or more of the voting rights of a listed company under the U.K. Takeover Code. Similarly, the EU Takeover Directive provides a general framework that has led many member states to adopt thresholds close to this level. For example, Germany and France require a mandatory bid once an investor crosses the 30 percent threshold. Some jurisdictions apply slightly different thresholds. In Denmark and Portugal, the mandatory bid obligation arises at 33 percent, while Italy and Croatia set a lower threshold of 25 percent. Outside the European Union, Singapore and Hong Kong also adopt a 30 percent threshold. These examples illustrate that, although the precise trigger varies,

the 30 percent benchmark dominates internationally, serving as both a practical and symbolic indicator of corporate control. This flexibility in threshold design allows jurisdictions to tailor the rule to local market conditions while maintaining the core objective of protecting minority shareholders during changes in corporate control.

Although acquirers are required to make an offer to the remaining shareholders on terms equal to those of previous deals immediately upon obtaining control, this obligation to offer "equal prices" is not necessarily permanent. In many jurisdictions, the mandatory bid requirement to offer prices equal to previous deals may expire after a specified reference period following those deals (e.g., six months in Germany or one year in the U.K.). This temporal limitation is intended to balance shareholder protection with transactional flexibility. It ensures that minority shareholders have a meaningful opportunity to exit on fair terms following a change of control, while preventing the mandatory bid rule from unduly constraining future market transactions at different prices once that opportunity has been adequately provided.

3. Testable Predictions

In this section, we develop several predictions about how the adoption of the MBR reshapes corporate acquisition deal structures. One might predict that the MBR would increase the incidence of mandatory full takeovers, which is the intended objective of the MBR, relative to other types of transactions, including privately negotiated acquisitions. This is because, once an acquirer crosses the mandatory bid threshold, the MBR immediately triggers an obligation to make an offer to purchase the remaining shares from all shareholders, including minority shareholders. However, this prediction largely depends on the assumption that, even after the adoption of the MBR, acquirers continue their pre-MBR practice of offering controlling shareholders a premium to

acquire control in privately negotiated deals. If such an offer results in the acquirer crossing the ownership threshold, it will automatically trigger a mandatory bid at the same premium, substantially increasing the total cost of the acquisition (Lee, Kim, and Kim, 2026). This assumption, however, may not hold in practice. Faced with these additional costs, acquirers may instead adopt alternative acquisition strategies to avoid triggering a mandatory bid at such a high offer price.

One such strategy is to acquire shares through a voluntary full takeover to all shareholders before reaching the mandatory bid threshold, thereby avoiding the obligation to launch a mandatory bid. The offer price in such a public offer may be lower than the price paid in a private transaction that includes a control premium. Compared with a privately negotiated acquisition followed by a mandatory full takeover, which involves multiple transactions to complete the acquisition, a voluntary public offer consists of a single transaction and provides a simpler, potentially more cost-effective mechanism for acquiring the target company. Under this scenario, although the incidence of mandatory bids may not increase following the adoption of the MBR, an increase in voluntary public offers would nevertheless be consistent with the MBR's objective, as voluntary public offers give all existing shareholders the opportunity to sell their shares at a fair price, without distinguishing between controlling and minority shareholders.

Instead of a voluntary full takeover, acquirers may adopt more complex deal structures that exploit the expiration of the reference period, after which the obligation to offer the same price to all shareholders no longer applies. Specifically, an acquirer may initially offer a high price to controlling shareholders through a privately negotiated transaction and then wait until the reference period has expired. Afterward, the acquirer can acquire additional shares at lower prices through subsequent privately negotiated transactions to obtain control of the target company,

ultimately triggering the mandatory bid at the lower price. Alternatively, once the reference period has elapsed, the acquirer may launch a voluntary public offer at a lower offer price. In both cases, controlling shareholders receive a high price in the initial transaction, whereas minority shareholders are offered lower prices in subsequent transactions after the reference periods. We refer to this strategy as lowballing. Although this approach lengthens the overall acquisition process because the acquirer must wait for the reference period to expire before completing additional transactions, it can substantially reduce total acquisition costs by allowing the later acquisitions to be made at lower prices. The lowballing strategy is inconsistent with the objective of the MBR, as it results in unequal pricing across different groups of shareholders (Mülbert and Sajnovits, 2025).

A potential drawback of this lowballing strategy is that the prolonged acquisition process increases execution risk and uncertainty from the acquirer's perspective. If acquirers are unwilling to bear the additional uncertainty associated with a lengthier acquisition process, they may be less likely to adopt this strategy following the implementation of the MBR. This concern is likely to be exacerbated by a longer reference period. Consequently, the incentive to adopt this lowballing strategy may depend on the length of the reference period specified under the MBR.

4. Data and Empirical Design

To empirically examine the impact of MBR adoption on acquisition deal structures, we use data from the SDC Platinum Mergers and Acquisitions database. We begin by constructing a deal-level acquisition sample and retain transactions with non-missing information on MBR-related variables and deal characteristics. For each acquisition, we identify the target firm's country of incorporation, which allows us to determine whether an MBR regime applies to the deals. Using this country-

level information, we further collect details on key features of the MBR, including the ownership threshold that triggers the mandatory bid and the reference period during which the acquirer is required to offer prices equal to past deals to the remaining shareholders.

The dataset also provides detailed deal-level characteristics. For example, we identify whether a transaction is privately negotiated or conducted through a public mechanism, such as a cash tender offer or an exchange offer. We also observe the percentage of shares acquired in each transaction, which is crucial for determining whether the deal constitutes a threshold-crossing acquisition that triggers the mandatory bid obligation to offer the same (or no less favorable) price to the remaining shareholders. Information on the timing of each acquisition is also available, which is critical for determining whether a transaction occurs after the expiration of the reference period during which the same offer prices as previous deals must be maintained following a prior acquisition by the same bidder.

In addition, we observe the acquisition price for each deal, allowing us to assess the presence of lowballing behavior. A transaction is defined as lowballing when it satisfies all three of the following conditions: (1) the deal price or control premium is lower than in the preceding transaction, or the control premium is negative; (2) the transaction occurs after the expiration of the equal-pricing reference period following the previous transaction between the same acquirer and target; and (3) the transaction results in the acquirer's ownership stake crossing the MBR threshold.

With respect to the first criterion, using the control premium accounts for differences in market prices across transactions occurring at different points in time, thereby capturing the fairness of the offer while controlling for market-driven price changes. Following prior studies (e.g., Barclay and Holderness, 1989; Rossi and Volpi, 2004; Wang and Lahr, 2017), we calculate

the control premium as the difference between the offer price and the target's closing stock price one day prior to the deal announcement, divided by the latter.

For countries that had not adopted the MBR by the end of our sample period, such as South Korea and the United States, we apply a 30 percent ownership threshold to identify crossing deals and a one-year equal-pricing reference period to determine whether the reference period has elapsed, as these thresholds are the most commonly adopted across countries.

When multiple transactions involve the same target and acquirer on the same date, we collapse them into a single deal so that our regressions do not treat transactions on the same date as subsequent deals. Approximately 25 percent of observations fall into this category before collapsing, and about 15 percent remain afterward. For the collapsed deal, we take the maximum value of the deal price or premium among the transactions occurring on that date. If a collapsed deal includes at least one privately negotiated deal, the entire collapsed deal is classified as privately negotiated. Similarly, if it includes at least one cash tender offer, the deal is classified as a cash tender offer, and the same rule applies to exchange offers. As a result, some collapsed deals on a given date may correspond to multiple deal types (approximately 8 percent of observations after collapsing).

After excluding singleton observations for each year-month, target-country, and the target-industry (3-digit SIC code) fixed-effect group, our final sample consists of 3,960 acquisition deals spanning 1981 to 2023 across 41 countries. Based on this sample, we specify the regression models as follows:

$$Y_{i,j,t} = \beta_0 + \beta_1 Adopt_i + \beta_2 PostMBR_{i,t} + \beta_3 Adopt_i \times PostMBR_{i,t} + \Gamma X_j + FEs + \varepsilon_j \quad (1)$$

The subscripts *i*, *j*, and *t* refer to the target company's country, the deal, and the year-month of the deal announcement, respectively. Our key outcome variables are *Pre-crossing Public* and

Lowballing. *Pre-crossing Public* is a dummy variable equal to one if the deal is a public deal and the pre-deal ownership stake is below the MBR threshold, and zero otherwise. A deal is classified as a public deal if it is not privately negotiated. *Lowballing* is a dummy variable equal to one if a transaction is classified as a lowballing transaction under the definition provided in the previous paragraph, and zero otherwise.

In addition to these variables, we use the following outcome variables in supplemental tests: an indicator for post-crossing public deals (*Post-crossing Public*); an indicator for privately negotiated deals (*Private*); an indicator for crossing deals (*Crossing*); indicators for full ownership (*Full Ownership*) and majority ownership (*Majority Share*) following the acquisition; the percentage of total shares owned by the bidder after completion of the deal (*Post-Acquisition Total Shares*); an indicator for staged deals (*Staged Deal*); the natural logarithm of the number of days since the previous deal between the same acquirer and target (*Ln(Days Since Last Deal)*); and an indicator for deals occurring after the equal-pricing reference period (*Post-RP*), among others.

As key explanatory variables, we use *Adopt* and *PostMBR*. *Adopt* is a dummy variable that equals one if the target firm's country of incorporation adopted a mandatory bid rule at any time during 1981-2023; equals zero otherwise. *PostMBR* is a dummy variable that equals one if the mandatory bid rule is in effect in the target firm's country of incorporation at the time of the deal announcement; equals zero otherwise. By definition, the acquisition deal sample with *PostMBR* = 1 is a subset of the sample with *Adopt* = 1, since *PostMBR* always equals zero for the control group (where *Adopt* = 0). As a result, *PostMBR* takes exactly same values as the interaction term of *PostMBR* × *Adopt* and is therefore absorbed by *PostMBR* × *Adopt*.

X is a set of control variables capturing target and acquirer firm characteristics, as well as deal-level variables. Firm-level characteristics considered in the analysis include the size, leverage

ratio, and profitability of both the target and the acquiring firms. Deal-level variables encompass *Toehold*, defined as the acquirer's pre-acquisition ownership stake in the target; *Cross-Border-Acquisition*, indicating whether the deal involves firms from different countries; *Attitude*, capturing whether the acquisition is friendly or hostile; and *Diversify*, denoting whether the transaction spans different industries. Detailed definitions of these variables are provided in Table A1 of the Appendix. These variables control for the effects of time-varying firm- or deal-level characteristics on deal structures or lowballing tendency. *FEs* denotes year-month, country, and industry (3-digit SIC code) fixed effects. These fixed effects account for changes in the broader economy over time and for unobserved factors that remain constant within countries or industries, such as differences in legal frameworks or institutional structures. Since there is no variation in *Adopt* within a country over time, it is absorbed by the country fixed effect.

5. Empirical Results

This section presents summary statistics for the key outcome and explanatory variables used in the regressions, as well as empirical results examining the impact of MBR adoption on acquisition deal structures.

5.1. Summary Statistics

Panel A of Table 1 reports summary statistics for our key outcome and explanatory variables. Pre-crossing public deals account for approximately 35 percent of our sample, while post-crossing public deals and privately negotiated deals account for approximately 18.5 percent and 46.6 percent, respectively. Crossing deals, in which the acquirers' shareholdings cross the MBR threshold that triggers mandatory offers, account for approximately 33 percent of the sample. Full

ownership and majority ownership account for 23.6 percent and 52 percent of deals, respectively. On average, the shares held by the acquirer following the deal are around 55 percent. After collapsing the data to the acquirer-target pair level, we find that 78% of the pairs are involved in staged acquisitions. Restricting the sample to subsequent acquisitions within staged transactions, we find that approximately 10 percent of the deals exhibit lowballing practices. Approximately 78 percent of deals originate from countries that implemented the MBR during our sample period, and about 59 percent of deals are subject to the MBR, occurring after its implementation. On average, acquirers held 28 percent of the target's shares prior to the transaction. Approximately 26 percent of deals involve targets being acquired by firms from a different country. Friendly acquisitions account for 82 percent of the sample. About 64 percent of deals involve targets being acquired by firms from a different industry, based on the first three digits of the SIC code.

[Insert Table 1 about here]

In Panel B of Table 1, we report the univariate test results for the key outcome variables between the pre-MBR and post-MBR periods. We find that the likelihood of pre-crossing public deals increases significantly, while the likelihood of privately negotiated deals decreases in the post-MBR period relative to the pre-MBR period. Furthermore, the likelihood of crossing deals, full takeovers, and majority share acquisitions also rises following MBR adoption. In contrast, the likelihood of staged acquisitions declines after MBR adoption. We also find that the likelihood of lowballing increases following MBR adoption compared to the pre-MBR period. These univariate test results for each deal type are illustrated in Figure 1. Note that these univariate results do not account for the key firm- and deal-level control variables or the fixed effects included in our main regression analyses.

[Insert Figure 1 about here]

5.2. Effects on Deal Structures

In this section, we empirically examine how adopting MBR affects the structure of acquisition deals. Table 2 reports the results, illustrating the relationship between MBR adoption and the prevalence of pre-crossing public deals, decomposing these transactions into pre-crossing cash tender offers and pre-crossing exchange offers. Columns (1), (3), and (5) present the baseline specification without firm- and deal-level control variables, while Columns (2), (4), and (6) include these controls. The inclusion of the control variables has little effect on the estimated coefficients. As reported in Column (1), we find that the likelihood of pre-crossing public deals increases significantly by approximately 16-17 percentage points following MBR adoption. These findings suggest that, after implementing MBR, acquirers are more likely to make voluntary public offers before crossing the ownership threshold that triggers a mandatory bid.

In Columns (3) through (6), we extend the analysis by decomposing pre-crossing public deals into pre-crossing cash tender offers and pre-crossing exchange offers, the two main components of pre-crossing public deals. We find that both types of pre-crossing public deals become more prevalent following MBR adoption. Specifically, the likelihood of pre-crossing cash tender offers increases by approximately 8-9 percentage points, while that of pre-crossing exchange offers increases by approximately 5-6 percentage points. This shift toward voluntary public deals may increase shareholders' opportunities to exit their positions during the acquisition process.

[Insert Table 2 about here]

We next examine how the adoption of the MBR affects other types of acquisition deals, namely post-crossing public deals and privately negotiated deals. Because post-crossing public

deals are subject to the mandatory bid requirements under the MBR, they are undertaken to comply with the legal mandate rather than as a voluntary choice by the acquirer. If, as shown in Table 2, pre-crossing public deals become more prevalent before the ownership threshold is crossed, the incidence of post-crossing mandatory public bids may not increase following the adoption of the MBR, despite the mandatory bid requirement. This is because fewer acquisitions may cross the mandatory bid threshold through privately negotiated transactions with controlling shareholders. At the same time, if privately negotiated deals are replaced by pre-crossing public deals, their incidence should decline following the adoption of the MBR. To test these predictions, we use indicators for post-crossing public deals and privately negotiated deals as the outcome variables in Equation (1).

Table 3 reports the regression results. Columns (1) and (2) show no significant change in the likelihood of post-crossing public deals following the adoption of the MBR. In contrast, Columns (3) and (4) show that the likelihood of privately negotiated deals decreases significantly by approximately 13-19 percentage points after MBR adoption, consistent with our predictions. Taken together with the results in Table 2, these findings suggest that acquirers increasingly undertake voluntary public deals before crossing the ownership threshold, substituting them for privately negotiated deals. Consequently, despite the mandatory bid requirement, the incidence of post-crossing public deals remains unchanged following the adoption of the MBR.

[Insert Table 3 about here]

Next, we investigate how the adoption of the MBR affects the ownership stakes ultimately acquired by bidders in transactions following its implementation. To do so, we examine several related outcome variables. First, we analyze the likelihood of crossing deals, defined as transactions in which the bidder crosses the ownership threshold that triggers the mandatory bid

requirement. Second, we examine the likelihood of full takeovers, defined as acquisitions of 100 percent of the target's shares. Third, we investigate the likelihood that the bidder acquires at least 50 percent of the target's shares. Finally, we examine the bidder's ownership stake following the completion of the transaction, measured as the percentage of the target's shares ultimately owned by the bidder.

As reported in Columns (1) and (2) of Table 4, we find that transactions are more likely to be crossing deals following the adoption of the MBR. Specifically, the likelihood of crossing deals increases by approximately 14-15 percentage points after MBR adoption. Columns (3)-(6) further show that the likelihood of a full takeover increases by approximately 8-15 percentage points post-MBR, while the likelihood of majority share acquisitions increases by approximately 6-14 percentage points relative to the pre-adoption period. Finally, as reported in Columns (7) and (8), the bidder's post-acquisition ownership stake increases by approximately 4-11 percent, on average, following MBR adoption.

[Insert Table 4 about here]

In Table A2 of the Appendix, as a robustness check, we include shares acquired through a subsequent cash tender offer triggered by the MBR within six months of the previous transaction when calculating post-acquisition total shares, as well as when identifying full ownership and majority share acquisitions. When accounting for additional shares from subsequent cash tender offers triggered by the MBR, the estimated effects are, as expected, larger across all outcome variables. However, the increases are generally modest, possibly because the adoption of the MBR does not significantly increase the prevalence of post-crossing mandatory public deals, given the greater use of pre-crossing voluntary public deals following MBR adoption.

Next, we examine the effect of the MBR on the likelihood of staged transactions. To do so,

we first collapse the deal-level data to the acquirer-target pair level and construct a new indicator variable, *Staged Deal*, which equals one if multiple transactions occur between the same acquirer and target during the sample period, and zero otherwise. We exclude staged transactions that span both the pre- and post-MBR periods, as they make it difficult to identify the effects of MBR adoption. When collapsing the data to the acquirer-target pair level, the control variables are measured as the average of their values across the underlying transactions, while the transaction date is defined as the date of the final transaction. The results, reported in Table 5, show that the adoption of the MBR significantly reduces the likelihood of staged transactions by 12-16 percent. This decline is consistent with acquirers making greater use of voluntary pre-crossing public offers, enabling them to complete acquisitions through a single full-takeover transaction rather than a series of staged transactions.

[Insert Table 5 about here]

As a robustness check, we conduct dynamic stacked DiD analyses to examine how deal structures change in the three years (36 months) following MBR adoption relative to the three years (36 months) prior, using a six-year (72 months) window, excluding the month of MBR adoption. The detailed regression model is specified as follows:

$$Y_{i,j,t,c} = \beta_0 + \beta_1 Adopt_{i,c} + \beta_2 Year(k)_{i,t,c} + \beta_3 Adopt_{i,c} \times Year(k)_{i,t,c} + \Gamma X_j + FEs + \varepsilon_j \quad (2)$$

The subscripts *i*, *j*, *t,* and *c* denote the target company's country, the deal, the year-month of the deal announcement, and the cohort identifier, respectively. A cohort consists of treated countries that adopt the MBR in a given month (the mid-point of the event window) and control countries that experience no change in MBR adoption status within a six-year window around that month. The control group includes countries that adopt the MBR before the start of the six-year window,

those that adopt it after the end of the window, and those that never implement the MBR during the sample period. *Year (k)* represents a set of time dummy variables, where *k* ranges from -3 to +3. This corresponds to *k* years before (negative values) or after (positive values) the adoption of MBR in the treated country. Specifically, *k* = -3, -2, -1, +1, +2, and +3 correspond to months 25-36, 13-24, and 1-12 before adoption, and months 1-12, 13-24, and 25-36 after adoption, respectively. The year immediately preceding MBR adoption (*k* = *-1*) serves as the reference category. In these analyses, we include cohort-by-year–month, cohort-by-country, and cohort-by-industry (three-digit SIC code) fixed effects (*FEs*). These fixed effects absorb unobservable characteristics specific to each cohort, allowing us to compare treated and control deals within the same six-year cohort window. All other regression specifications, including the control variables denoted by *X*, are the same as those used in Equation (1).

The results of these dynamic tests examining changes in deal structures following MBR adoption are shown in Figure 2 (and Table A3 of the Appendix). Using an indicator for pre-crossing public deals as the outcome variable, we find no significant pre-trends in the likelihood of voluntary public deals prior to MBR adoption. However, following MBR adoption, the likelihood of pre-crossing voluntary public deals increases significantly. Taken together, these dynamic test results provide strong evidence that the observed changes in acquisition deal structures are attributable to the MBR adoption rather than to other unobservable factors.

[Insert Figure 2 about here]

The results presented in Tables 2-4 and Figure 2 suggest that MBR increases the likelihood of pre-crossing voluntary public deals, thereby raising the number of shares acquired by the acquirer through these deals. Ultimately, this indicates that opportunities for non-controlling minority shareholders to sell their shares and exit their investments expand following the adoption

of the MBR, which is well aligned with the policy's intent. However, MBR-mandated public deals do not increase even after the adoption of the MBR. This suggests that the strict pricing constraints under MBR-mandated deals encourage acquirers to engage more actively in voluntary cash tender and exchange offers, even when the deals are not subject to MBR requirements.

5.3. Effects on Lowballing

In the previous section, we found that acquirers are more likely to choose pre-crossing voluntary public deals, in the form of cash tender and exchange offers, following MBR adoption. Such deals exempt the acquirer from making an MBR-mandated offer even when the threshold is subsequently crossed. Acquirers can also use staged acquisitions to circumvent MBR-mandated offers and their strict pricing rules. First, acquirers purchase shares from certain shareholders at high premiums while keeping their ownership stake just below the MBR shareholding threshold that triggers mandatory offers to all remaining shareholders at the same price. Second, acquirers wait until the reference period expires. During this period, if additional share purchases cause their ownership stake to exceed the threshold, they are required to extend a mandatory offer to all remaining shareholders at a price no lower than that paid in the preceding transactions. Finally, after the reference period has expired, acquirers purchase additional shares at lower prices to cross the mandatory bid threshold, thereby triggering the mandatory bid without being required to match the higher prices paid in the initial private transaction. Alternatively, they may launch a voluntary public offer at a lower offer price after the reference period has expired, thereby avoiding the need to match the higher prices, including the control premium, paid in the earlier transaction. In either case, the offer price in the subsequent transaction is lower than that in the initial transaction.

Based on this conjecture, we investigate the potential prevalence of such lowballing patterns following the adoption of the MBR. As discussed above, a transaction is classified as

lowballing if it meets all three of the following criteria: (1) the deal price or control premium is lower than that in the preceding transaction, or the control premium is negative; (2) the transaction occurs after the equal-pricing reference period following the previous transaction between the same acquirer and target has expired; and (3) the transaction causes the acquirer's ownership stake to cross the MBR threshold. By definition, lowballing can only be identified by comparing deal prices to previous transactions conducted by the same acquirer for the same target company's shares. Therefore, we exclude deals between the same acquirer and target that occur for the first time in our sample. This reduces the sample size by nearly half.

Table 6 presents the results examining the relationship between MBR adoption and the likelihood of lowballing in acquisition deals. As predicted, the table shows that lowballing is more common following MBR adoption, with an increase of approximately 10-11 percentage points. Although staged transactions themselves have become less common following the adoption of the MBR, the results in Table 5 suggest that lowballing practices are more prevalent in staged deals, likely reflecting acquirers' incentives to reduce acquisition costs. This finding is contrary to the intended objective of the MBR, which seeks to promote fairness in the acquisition process.

[Insert Table 6 about here]

In our supplemental analyses, we further decompose the sample by acquisition deal type—public and privately negotiated—to examine the effect of MBR adoption on lowballing. Table 7 shows that, following the adoption of the MBR, lowballing increases significantly in public deals, whereas no such pattern is observed for privately negotiated deals. This implies that, in cases of lowballing, it is more common for acquirers to engage in two separate transactions following the adoption of the MBR: an initial non-threshold-crossing transaction at a higher acquisition price, followed by a public offer at a lower price after the equal-pricing reference period has expired.

[Insert Table 7 about here]

As discussed earlier, for a transaction to be classified as lowballing, it must satisfy two additional criteria—a post-reference-period deal and a threshold-crossing deal—in addition to the requirement that the subsequent transaction be executed at a lower price or with a lower control premium. If the post-reference-period condition is not satisfied, the mandatory bid would be triggered under the MBR, requiring the acquirer to match the higher price paid in the earlier transaction and thereby preventing any reduction in acquisition costs. Accordingly, acquirers have no incentive to engage in this transaction unless the reference period has elapsed. If the threshold-crossing condition is not satisfied, no mandatory bid is triggered, even after the adoption of the MBR. Consequently, the MBR imposes no pricing requirement, leaving the acquirer with no incentive to change its acquisition pricing between the pre- and post-MBR periods.

This raises the following question: if either of these two criteria is not satisfied, do we no longer observe a higher likelihood of subsequent transactions at lower prices or with lower control premiums following the adoption of the MBR? To answer this question, we redefine lowballing by relaxing each of the two additional criteria in turn and reexamine whether the adoption of the MBR affects the likelihood of these alternative forms of low-priced transactions. The results are reported in Table 8. In Column (1), we relax the requirement that the subsequent transaction occur after the reference period has expired. In Column (2), we relax the requirement that the subsequent transaction cross the MBR threshold. We find that, in both columns, relaxing either of the two criteria does not lead to a significant increase in the likelihood of low-priced transactions. These results suggest that the higher incidence of lowballing documented in Table 6 is driven by acquirers' incentives to evade the mandatory bid requirement to offer all remaining shareholders the higher price paid in the previous transaction, which would substantially increase acquisition costs.

[Insert Table 8 about here]

The regression results in Table 6, which indicate a higher likelihood of lowballing practices during the extended period, suggest that the average time between two consecutive deals may have increased. To test this conjecture, we use the time between consecutive deals as the outcome variable in Equation (1). The results are reported in Table 9. In Columns (1) and (2), we find that the number of days between the current deal and its previous deal by the same acquirer increases by 67-75 percent following the adoption of the MBR. This finding implies that the interval before subsequent deals becomes significantly longer after the adoption of the MBR. Consequently, as reported in Columns (3) and (4), the likelihood that subsequent deals occur after the expiration of the equal-pricing reference period increases by approximately 14-16 percent in the post-MBR period relative to the pre-MBR period.

[Insert Table 9 about here]

These results raise a further question: if the reference periods for the equal pricing requirement—during which the mandatory offer to all remaining shareholders at prices equal to those in previous deals must be maintained—are extended, would the tendency toward lowballing practices decrease? We hypothesize that when the reference periods are short, acquirers may be willing to wait during this brief interval to complete deals and engage in lowballing, which is legally permitted afterward, thereby reducing the acquisition cost of the remaining shares. In contrast, longer reference periods for the equal pricing requirement relative to prior deals compel acquirers to wait longer before legally executing lowball offers at lower prices, increasing uncertainty in the acquisition process and potentially deterring such practices.

To test this prediction, we divide the sample into countries with short and long reference

periods for the equal pricing requirement under the MBR, using 180 days as the threshold. The results, reported in Table 10, show that the tendency toward lowballing increases more markedly following MBR adoption in countries with shorter reference periods than in those with longer reference periods. Specifically, the likelihood of lowballing increases by approximately 21-27 percent in countries with short reference periods, compared with only 7-8 percent in countries with long reference periods. These findings suggest that the design of the MBR—particularly the reference periods during which mandatory offers at prices equal to those in previous deals must be made to remaining shareholders—is a key factor influencing the prevalence of lowballing practices, even after the rule's adoption.

[Insert Table 10 about here]

As an additional robustness check, we examine the dynamic changes in lowballing practices within a 72-month window before and after MBR adoption, using the dynamic stacked DiD specified in Equation (2). As shown in Figure 3 (and Table A4 in the Appendix), the likelihood of lowballing increases following MBR adoption, with no evidence of a pre-trend. This result provides further evidence that the increased likelihood of lowballing practices is attributable to MBR adoption.

[Insert Figure 3 about here]

Finally, in Figure 4 (and Table A5 in the Appendix), we examine the dynamic changes in lowballing practices by classifying transactions according to the timing of the deal following the expiration of the equal-pricing reference period: within 6 months (Figure 4a), between 6 and 12 months (Figure 4b), and more than 12 months (Figure 4c) after the reference period has expired. If the increased prevalence of lowballing following the adoption of the MBR is driven by acquirers

waiting for the equal-pricing reference period to expire, we would expect lowballing to be most prevalent immediately after the reference period has expired rather than several months or years later. Consistent with this prediction, we find a substantially larger increase in lowballing occurring within 6 months after the expiration of the reference period following the adoption of the MBR than in lowballing occurring 6-12 months or more than 12 months later. These findings provide further evidence that acquirers strategically delay subsequent transactions until the equal-pricing reference period has expired in order to reduce acquisition costs.

6. Conclusion

In this paper, we examine how the MBR reshapes corporate acquisition transactions and whether it achieves its intended goal of ensuring equal treatment of shareholders in acquisitions. A set of our empirical findings suggests two key takeaways. The MBR effectively promotes equal opportunities for shareholders to sell their shares to acquirers, as evidenced by the more widespread use of pre-crossing voluntary public acquisition mechanisms—such as cash tender and exchange offers—rather than privately negotiated deals. This finding is further supported by the greater share acquisition by acquirers and the higher likelihood of full takeovers and majority-share acquisitions, indicating that more shareholders are given the opportunity to sell their shares following the adoption of the MBR.

In addition, our regression findings suggest that the MBR may inadvertently weaken equal treatment in its pricing dimension by contributing to increased lowballing. Despite the decline in staged transactions, the lowballing practices in staged transactions become more prevalent over the extended window. As a result, the prices offered in subsequent deals are more likely to be lower than those offered in earlier deals by the same acquirer for shares of the same target company.

However, we further find that these lowballing practices are mitigated when the equal-pricing reference period is longer, suggesting that the MBR's effectiveness depends on the specific design of the rule.

Overall, the findings underscore that the MBR largely achieves its primary objective of promoting fairness by expanding shareholders' opportunities to sell, but preserving fairness in pricing requires careful policy design. In particular, extending the equal-pricing reference period would discourage opportunistic pricing strategies and better ensure that shareholders receive both equal opportunities to sell and fair prices for their shares.

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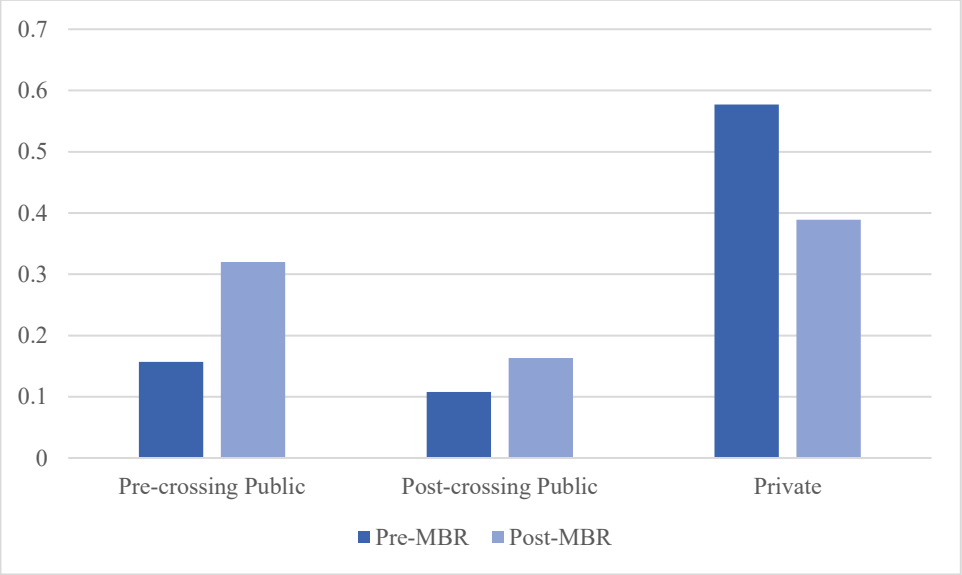
Figure 1: Likelihood of Each Deal Type (Pre- vs. Post-MBR)

Panel A of this figure compares the likelihood of different deal types—such as pre-crossing public deals, post-crossing public deals, and privately negotiated deals—before and after MBR adoption. Panel B compares the likelihood of lowballing before and after the MBR adoption.

Panel A: Likelihood of Each Deal Type



Panel B: Likelihood of Lowballing

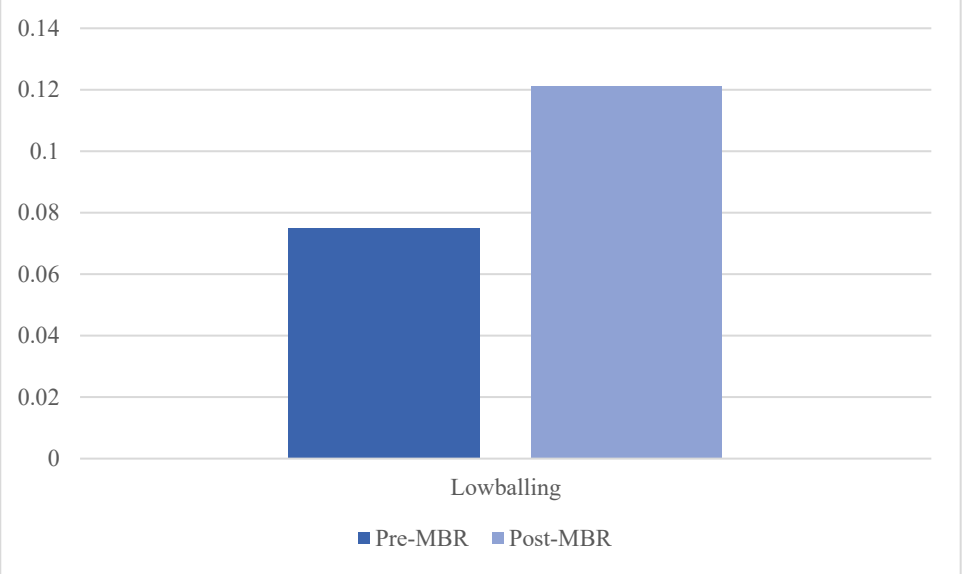


Figure 2: Dynamic DiD Regressions for Pre-crossing Public Deals Around MBR Adoption

This graph displays the point estimates and 95% confidence intervals of the coefficients for the interaction terms, *Adopt× Year* (*k*), where *k* ranges and is equal to -3, -2, -1, +1, +2, or +3, in the dynamic DiD regressions for the changes in the likelihood of pre-crossing public deals around MBR adoption. The year before the MBR adoption (-1) serves as the reference category.

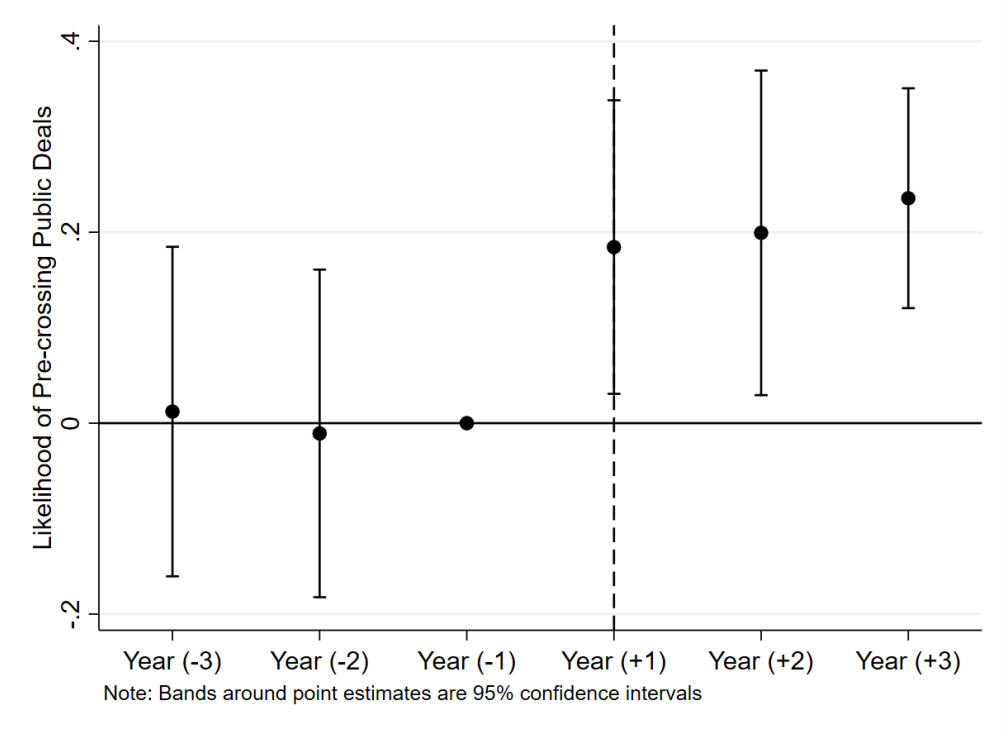


Figure 3: Dynamic DiD Regressions of Lowballing Around MBR Adoption

This graph displays the point estimates and 95% confidence intervals of the coefficients for the interaction terms, *Adopt× Year* (*k*), where *k* ranges and is equal to -3, -2, -1, +1, +2, or +3, in the dynamic DiD regressions for lowballing practices around MBR adoption. The year before the MBR adoption (-1) serves as the reference category.

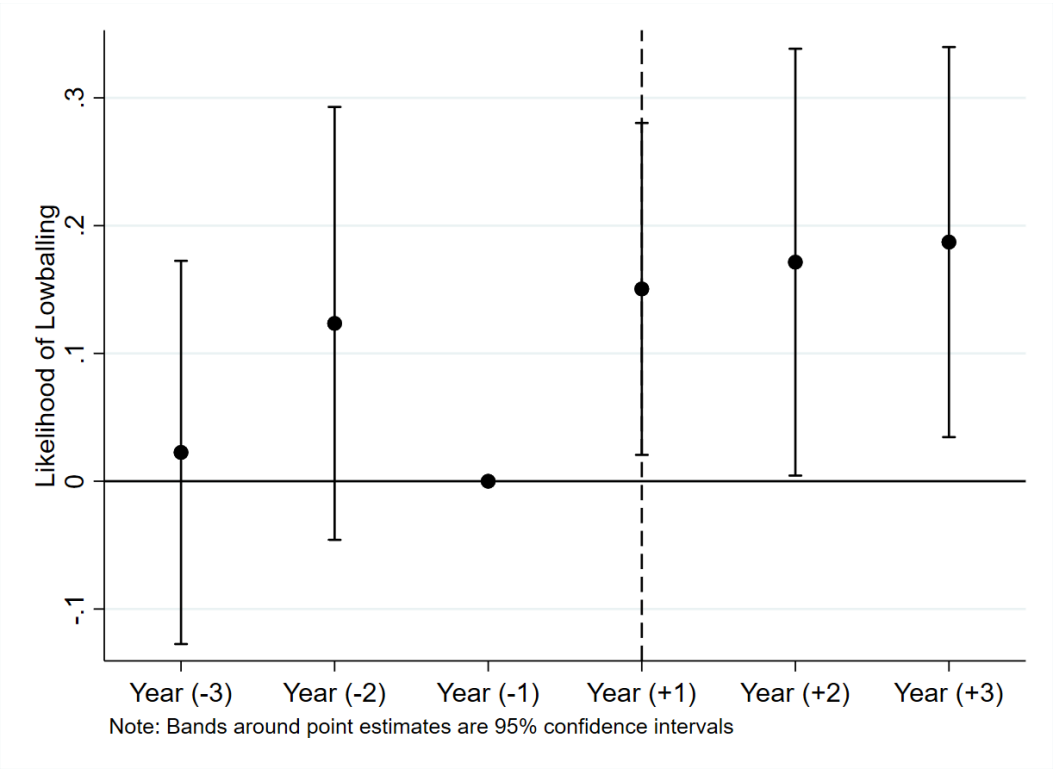


Figure 4: Dynamic DiD Regressions of Lowballing Around MBR Adoption (Transactions Sorted by Post-Reference-Period Timing)

This graph displays the point estimates and 95% confidence intervals of the coefficients for the interaction terms, *Adopt× Year* (*k*), where *k* ranges and is equal to -3, -2, -1, +1, +2, or +3, in the dynamic DiD regressions for lowballing practices around MBR adoption. The year before the MBR adoption (-1) serves as the reference category. In these dynamic regressions, transactions are classified according to the timing of the deal following the expiration of the equal-pricing reference period: up to 6 months (Figure 4a), from 7 to 12 months (Figure 4b), and more than 12 months after the reference period (Figure 4c).

a. Up to 6 Months After the Expiration of the Equal-Pricing Reference Period

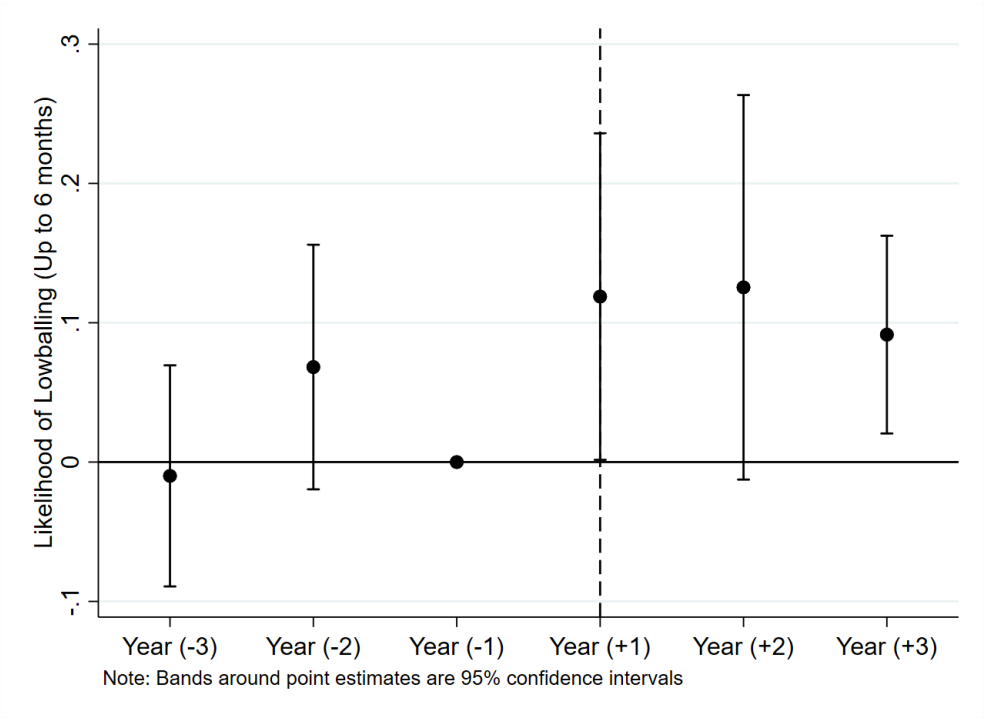
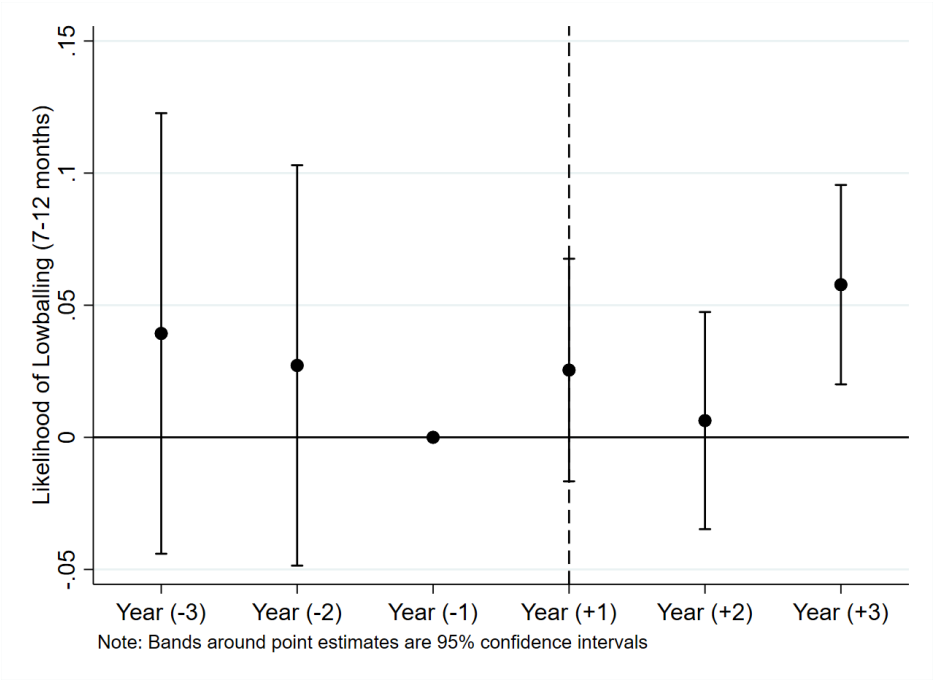


Figure 4: continued

b. From 7 to 12 Months After the Expiration of the Equal-Pricing Reference Period



c. More Than 12 Months After the Expiration of the Equal-Pricing Reference Period

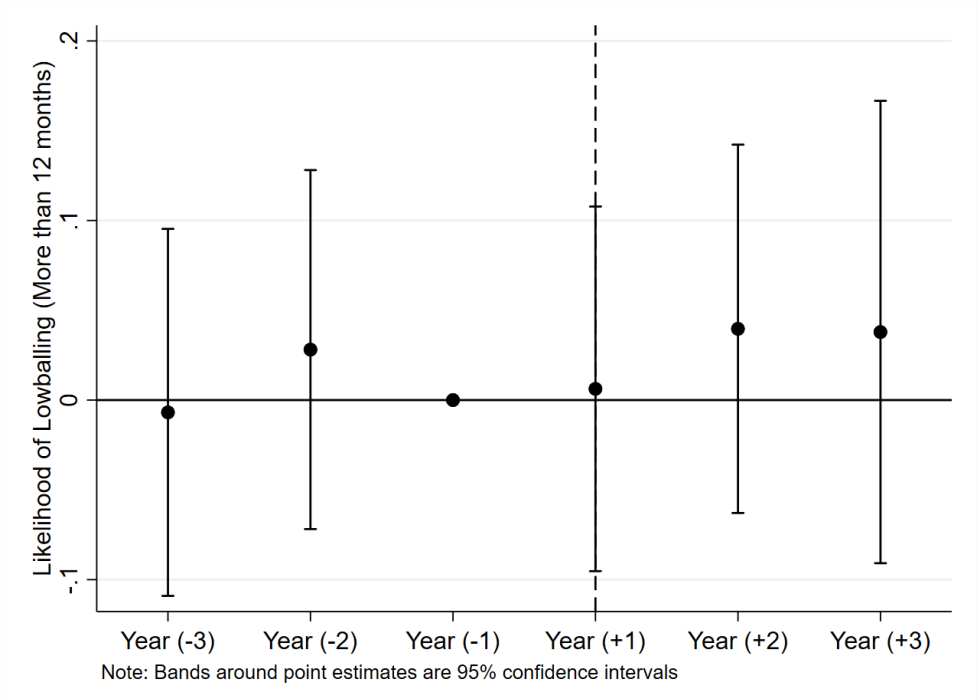


Table 1: Summary Statistics and Univariate Test Results

This table presents summary statistics and univariate test results for the main variables used in the analysis. Definitions of all variables are provided in Appendix A.

Panel A: Summary Statistics

				Percentile Distribution		
	N	Mean	S.D.	25th	Median	75th
Key Outcome Variables						
Pre-crossing Public	3960	0.349	0.477	0.000	0.000	1.000
Pre-crossing Cash Tender Offer	3960	0.197	0.398	0.000	0.000	0.000
Pre-crossing Exchange Offer	3960	0.085	0.279	0.000	0.000	0.000
Post-crossing Public	3960	0.185	0.388	0.000	0.000	0.000
Private	3960	0.466	0.499	0.000	0.000	1.000
Crossing	3960	0.328	0.470	0.000	0.000	1.000
Full Ownership	3960	0.236	0.424	0.000	0.000	0.000
Majority Share	3960	0.520	0.500	0.000	1.000	1.000
Post-Acquisition Total Shares	3960	54.861	35.245	20.425	51.000	98.535
Staged Deal	1729	0.778	0.416	1.000	1.000	1.000
Lowballing	1970	0.103	0.303	0.000	0.000	0.000
Non-Post-RP Lowballing	1970	0.052	0.222	0.000	0.000	0.000
Non-Crossing Lowballing	1970	0.255	0.436	0.000	0.000	1.000
Ln(Days Since Last Deal)	1970	5.698	1.803	4.700	6.041	7.010
Post-RP	1970	0.585	0.493	0.000	1.000	1.000
Key Explanatory Variables						
Adopt	3960	0.779	0.415	1.000	1.000	1.000
PostMBR	3960	0.589	0.492	0.000	1.000	1.000
Control Variables						
Firm Size (Target)	3960	12.436	2.064	11.063	12.236	13.636
Leverage (Target)	3960	0.262	0.311	0.057	0.227	0.394
Profitability (Target)	3960	0.031	0.538	0.007	0.069	0.125
Firm Size (Acquirer)	3960	14.544	2.483	12.728	14.629	16.351
Leverage (Acquirer)	3960	0.262	0.183	0.118	0.251	0.379
Profitability (Acquirer)	3960	0.088	0.189	0.046	0.092	0.148
Toehold	3960	27.982	30.305	0.000	17.010	50.690
Cross-Border-Acquisition	3960	0.257	0.437	0.000	0.000	1.000
Attitude	3960	0.823	0.382	1.000	1.000	1.000
Diversify	3960	0.640	0.480	0.000	1.000	1.000

Panel B: Univariate Test Results

	Pre-MBR (PostMBR=0)		Post-MBR (PostMBR=1)		Mean Difference (t-statistics)	
	N	Mean	N	Mean		
Pre-crossing Public	1626	0.264	2334	0.407	0.143***	(9.39)
Pre-crossing Cash Tender Offer	1626	0.109	2334	0.258	0.149***	(11.81)
Pre-crossing Exchange Offer	1626	0.057	2334	0.105	0.048***	(5.35)
Post-crossing Public	1626	0.158	2334	0.204	0.045***	(3.63)
Private	1626	0.577	2334	0.389	-0.188***	(-11.90)
Crossing	1626	0.269	2334	0.369	0.100***	(6.62)
Full Ownership	1626	0.160	2334	0.288	0.128***	(9.47)
Staged Deal	667	0.846	1062	0.735	-0.110***	(-5.41)
Lowballing	795	0.075	1175	0.121	0.045**	(3.26)
Non-Post-RP Lowballing	795	0.062	1175	0.045	-0.017	(-1.62)
Non-Crossing Lowballing	795	0.272	1175	0.243	-0.028	(-1.41)

Table 2: Mandatory Bid Rule and Pre-crossing Public Deals

The table reports regressions examining the effect of the mandatory bid rule (MBR) on the likelihood of pre-crossing public deals. A deal is classified as a public deal if it is not privately negotiated. A deal is classified as pre-crossing if the acquirer's pre-deal ownership stake falls below the ownership threshold that triggers a mandatory bid under the MBR. *Adopt* is a dummy variable equal to one if the target firm's country of incorporation adopted an MBR at any time during 1981-2023, and zero otherwise. *PostMBR* is a dummy variable equal to one if the MBR is in effect in the target firm's country of incorporation at the time of the deal announcement, and zero otherwise. The outcome variables are three deal-type indicators: *Pre-crossing Public*, which equals one if the deal is a public deal and the pre-deal ownership stake is below the MBR threshold, and zero otherwise. *Pre-crossing Cash Tender Offer*, which equals one if the deal is a cash tender offer and the pre-deal ownership stake is below the MBR threshold and zero otherwise; and *Pre-crossing Exchange Offer*, which equals one if the deal is an exchange offer and the pre-deal ownership stake is below the MBR threshold, and zero otherwise. The regressions include a set of firm- and deal-level control variables listed in the table. Columns (1), (3), and (5) exclude these control variables, whereas Columns (2), (4), and (6) include them. All specifications further include year-month, target-country, and target-industry fixed effects. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Pre-crossing Public		Pre-crossing Cash Tender Offer		Pre-crossing Exchange Offer	
	(1)	(2)	(3)	(4)	(5)	(6)
Adopt × PostMBR	0.159**	0.167***	0.088**	0.094***	0.058**	0.055***
	(2.54)	(3.29)	(2.60)	(3.41)	(2.05)	(2.99)
Firm Size (Target)		0.002		0.007		0.013***
		(0.35)		(1.45)		(3.12)
Leverage (Target)		-0.059**		-0.056**		-0.040***
		(-2.21)		(-2.67)		(-3.86)
Profitability (Target)		0.005		0.016**		-0.004
		(0.60)		(2.39)		(-0.41)
Firm Size (Acquirer)		-0.001		0.003		-0.008***
		(-0.24)		(0.70)		(-2.86)
Leverage (Acquirer)		-0.026		-0.079		-0.046
		(-0.40)		(-1.14)		(-1.30)
Profitability (Acquirer)		0.096***		0.056**		0.006
		(3.53)		(2.24)		(0.27)
Toehold		-0.002		0.000		0.001
		(-1.03)		(0.19)		(0.51)
Cross-Border-Acquisition		-0.038		-0.014		-0.068***
		(-1.53)		(-0.53)		(-4.35)
Attitude		0.008		0.157***		0.064***
		(0.28)		(5.46)		(4.65)
Diversify		-0.055***		-0.034*		-0.032**
		(-2.72)		(-1.89)		(-2.55)
Observations	3960	3960	3960	3960	3960	3960
R^2	0.253	0.266	0.235	0.257	0.208	0.230
Year-Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes

Table 3: Mandatory Bid Rule and Other Types of Acquisition Deals
(Post-crossing Public Deals and Privately Negotiated Deals)

The table reports regressions examining the effect of the mandatory bid rule (MBR) on the likelihood of post-crossing public deals and privately negotiated deals. A deal is classified as post-crossing if the acquirer's pre-deal ownership stake exceeds the ownership threshold that triggers a mandatory bid under the MBR. *Post-crossing Public* is a dummy variable that equals one if the deal is a public deal and the pre-deal ownership stake exceeds the MBR threshold, and zero otherwise. *Private* is a dummy variable that equals one if the deal is privately negotiated, and zero otherwise. All other regression specifications are the same as those in Table 2. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Post-crossing Public		Private	
	(1)	(2)	(3)	(4)
Adopt × PostMBR	0.035	-0.035	-0.194**	-0.132**
	(1.15)	(-1.62)	(-2.33)	(-2.52)
Firm Size (Target)		-0.002		0.000
		(-0.50)		(0.02)
Leverage (Target)		0.016		0.043**
		(1.10)		(2.12)
Profitability (Target)		0.001		-0.006
		(0.12)		(-0.80)
Firm Size (Acquirer)		0.003		-0.002
		(1.31)		(-0.38)
Leverage (Acquirer)		-0.028		0.054
		(-0.69)		(1.13)
Profitability (Acquirer)		-0.030		-0.067
		(-1.01)		(-1.67)
Toehold		0.008***		-0.006***
		(6.73)		(-8.01)
Cross-Border-Acquisition		-0.026		0.064***
		(-1.12)		(3.70)
Attitude		0.023*		-0.031
		(1.86)		(-1.15)
Diversify		0.008		0.047***
		(0.45)		(2.93)
Observations	3960	3960	3960	3960
R^2	0.272	0.527	0.270	0.371
Year-Month FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes

Table 4: Mandatory Bid Rule and Post-Acquisition Shares

The table reports regressions examining the effect of the mandatory bid rule (MBR) on post-acquisition ownership stakes. *Crossing* equals one if the deal crosses the MBR threshold through shares acquired after the bid, and zero otherwise. *Full Ownership* equals one if the deal results in the acquisition of 100 percent of the target's shares, and zero otherwise. *Majority Share* equals one if the deal results in the acquisition of at least 50 percent of the target's shares, and zero otherwise. *Post-Acquisition Total Shares* is the percentage of total shares owned by the bidder after the deal is completed. All other regression specifications are the same as those in Table 2. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Crossing		Full Ownership		Majority Share		Post-Acquisition Total Shares	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Adopt × PostMBR	0.140***	0.147***	0.150**	0.082***	0.138**	0.062**	10.567*	3.977*
	(2.83)	(4.73)	(2.43)	(3.63)	(2.37)	(2.12)	(1.95)	(1.82)
Firm Size (Target)		-0.007		0.010*		-0.011		-0.177
		(-1.07)		(1.77)		(-1.64)		(-0.38)
Leverage (Target)		-0.027		-0.013		-0.013		-0.797
		(-1.19)		(-0.76)		(-0.54)		(-0.53)
Profitability (Target)		0.008		0.006		0.014		0.767
		(0.59)		(0.67)		(1.15)		(0.96)
Firm Size (Acquirer)		0.000		-0.000		0.010		0.453
		(0.01)		(-0.15)		(1.62)		(0.97)
Leverage (Acquirer)		-0.032		-0.047		-0.021		-2.729
		(-0.61)		(-1.65)		(-0.61)		(-1.16)
Profitability (Acquirer)		0.093***		0.073**		0.072*		5.845**
		(2.80)		(2.19)		(1.96)		(2.30)
Toehold		-0.000		0.008***		0.009***		0.776***
		(-0.19)		(9.28)		(16.09)		(19.52)
Cross-Border-Acquisition		-0.022		-0.078***		-0.050*		-4.046***
		(-0.99)		(-3.89)		(-2.01)		(-2.73)
Attitude		0.162***		0.131***		0.210***		13.131***
		(4.62)		(4.96)		(7.47)		(5.61)
Diversify		-0.054**		-0.032**		-0.043***		-4.084***
		(-2.58)		(-2.51)		(-3.12)		(-3.44)
Observations	3960	3960	3960	3960	3960	3960	3960	3960
R^2	0.178	0.195	0.238	0.514	0.297	0.556	0.303	0.656
Year-Month FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 5: Mandatory Bid Rule and Staged Transactions

The table reports regression results examining the effect of the mandatory bid rule (MBR) on the likelihood of staged transactions. *Staged Deal* is a dummy variable equal to one if multiple transactions occur between the same acquirer and target during the sample period, and zero otherwise. In this analysis, we collapse the deal-level data to the acquirer-target pair level. Staged transactions that span the pre- and post-MBR periods are excluded from the sample. For collapsed staged transactions, control variables are measured as the average of their values across the underlying transactions, and the transaction date is set to the date of the final transaction. All other regression specifications are the same as those in Table 2. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Staged Deal	
	(1)	(2)
Adopt × PostMBR	-0.159***	-0.127**
	(-2.79)	(-2.42)
Firm Size (Target)		0.004
		(0.38)
Leverage (Target)		-0.034
		(-0.78)
Profitability (Target)		-0.028
		(-1.39)
Firm Size (Acquirer)		-0.006
		(-1.12)
Leverage (Acquirer)		0.120**
		(2.15)
Profitability (Acquirer)		0.013
		(0.24)
Toehold		-0.005***
		(-3.37)
Cross-Border-Acquisition		-0.048
		(-1.30)
Attitude		-0.259***
		(-7.16)
Diversify		0.022
		(0.87)
Observations	1729	1729
R^2	0.357	0.445
Year-Month FE	Yes	Yes
Country FE	Yes	Yes
Industry FE	Yes	Yes

Table 6: Mandatory Bid Rule and Lowballing

The table reports regressions examining the effect of the mandatory bid rule (MBR) on the likelihood of lowballing. A deal is classified as lowballing if it satisfies all three of the following criteria: (1) the deal price or control premium is lower than that in the previous deal, or the control premium is negative; (2) the deal occurs after the reference period (RP) has elapsed since the previous deal between the same acquirer and target; and (3) as a result of the deal, the acquirer's ownership stake crosses the MBR threshold. *Lowballing* equals one if the deal is classified as lowballing, and zero otherwise. All other regression specifications are the same as those in Table 2. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Lowballing	
	(1)	(2)
Adopt × PostMBR	0.106***	0.108***
	(4.08)	(4.91)
Firm Size (Target)		-0.012*
		(-1.92)
Leverage (Target)		-0.057
		(-1.14)
Profitability (Target)		-0.015
		(-0.65)
Firm Size (Acquirer)		0.008**
		(2.33)
Leverage (Acquirer)		0.027
		(0.82)
Profitability (Acquirer)		0.028
		(0.49)
Toehold		-0.001
		(-0.69)
Cross-Border-Acquisition		-0.013
		(-0.63)
Attitude		0.070***
		(2.80)
Diversify		-0.029
		(-1.66)
Observations	1970	1970
R^2	0.298	0.308
Year-Month FE	Yes	Yes
Country FE	Yes	Yes
Industry FE	Yes	Yes

Table 7: Mandatory Bid Rule and the Likelihood of Lowballing (by Deal Type)

The table reports regressions examining the effect of the mandatory bid rule (MBR) on the likelihood of lowballing. The analysis distinguishes across deal types: privately negotiated deal, cash tender offer, and exchange offer. *Lowballing (Private)* is a dummy variable equal to one if the deal is classified as lowballing and is a public deal; it equals zero otherwise. *Lowballing (Private)* is a dummy variable equal to one if the deal is classified as lowballing and is a privately negotiated deal; it equals zero otherwise. All other regression specifications are the same as those in Table 2. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. t-statistics are reported in parentheses.

	Lowballing (Public)		Lowballing (Private)	
	(1)	(2)	(3)	(4)
Adopt × PostMBR	0.104***	0.103***	0.002	0.005
	(3.46)	(3.82)	(0.12)	(0.33)
Firm Size (Target)		-0.013*		0.001
		(-2.02)		(0.27)
Leverage (Target)		-0.076		0.019
		(-1.50)		(0.71)
Profitability (Target)		-0.016		0.001
		(-0.64)		(0.07)
Firm Size (Acquirer)		0.006*		0.003
		(1.74)		(1.17)
Leverage (Acquirer)		0.041		-0.014
		(1.38)		(-0.62)
Profitability (Acquirer)		0.023		0.005
		(0.40)		(0.13)
Toehold		-0.000		-0.000
		(-0.51)		(-1.11)
Cross-Border-Acquisition		-0.020		0.007
		(-0.90)		(0.64)
Attitude		0.060**		0.010
		(2.59)		(1.04)
Diversify		-0.017		-0.012
		(-0.71)		(-0.91)
Observations	1970	1970	1970	1970
R^2	0.316	0.327	0.270	0.275
Year-Month FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes

Table 8: Mandatory Bid Rule and Other Types of Lowballing
(Not Satisfying either the Post-Reference-Period or Crossing Criterion)

The table presents regressions examining the effect of the mandatory bid rule (MBR) on the likelihood of lowballing that does not satisfy either of the following two criterion: (1) the post-reference period (post-RP) criterion—that is, the deal occurs before the reference period (RP) has elapsed since the previous deal between the same acquirer and target; (2) the crossing criterion—that is, the deal does not result in the acquirer's ownership stake crossing the MBR threshold *Non-Post-RP Lowballing* is a dummy variable equal to one if a deal satisfies all of the lowballing criteria except the post-RP criterion, and zero otherwise. *Non-Crossing Lowballing* is a dummy variable equal to one if a deal satisfies all of the lowballing criteria except the crossing criterion, and zero otherwise. All other regression specifications are the same as those in Table 7. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. t-statistics are reported in parentheses.

	Non-Post-RP Lowballing		Non-Crossing Lowballing	
	(1)	(2)	(3)	(4)
Adopt × PostMBR	0.032	0.033	0.020	0.031
	(1.27)	(1.37)	(0.38)	(0.60)
Firm Size (Target)		-0.012***		0.000
		(-4.66)		(0.03)
Leverage (Target)		0.044**		0.044
		(2.61)		(0.87)
Profitability (Target)		0.018*		-0.024
		(1.86)		(-0.53)
Firm Size (Acquirer)		-0.002		0.013*
		(-0.53)		(1.80)
Leverage (Acquirer)		-0.014		0.089
		(-0.33)		(1.17)
Profitability (Acquirer)		0.009		0.010
		(0.17)		(0.09)
Toehold		-0.001**		0.001
		(-2.24)		(0.58)
Cross-Border-Acquisition		-0.005		0.023
		(-0.35)		(0.66)
Attitude		0.024		0.001
		(1.65)		(0.02)
Diversify		0.007		0.026
		(0.71)		(0.91)
Observations	1970	1970	1970	1970
R^2	0.293	0.307	0.316	0.324
Year-Month FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes

Table 9: Mandatory Bid Rule and the Timing of Subsequent Deals

The table reports regressions examining the effect of the mandatory bid rule (MBR) on the timing of a subsequent deal. *Ln (Days Since Last Deal)* is the natural logarithm of the number of days since the previous deal between the same acquirer and target. *Post-RP* is a dummy variable equal to one if the deal occurs after the reference period has elapsed since the previous deal between the same acquirer and target. The first deal between a given acquirer and target in the sample is excluded from the regressions. The regressions include a set of firm- and deal-level control variables listed in the table. Columns (1) and (3) exclude these controls, whereas Columns (2) and (4) include them. All other regression specifications are the same as those in Table 2. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. t-statistics are reported in parentheses.

	Ln (Days Since Last Deal)		Post-RP	
	(1)	(2)	(3)	(4)
Adopt × PostMBR	0.675***	0.752***	0.143***	0.160***
	(4.65)	(4.68)	(3.51)	(3.99)
Firm Size (Target)		0.051		0.002
		(0.83)		(0.16)
Leverage (Target)		-0.250		-0.098**
		(-1.22)		(-2.22)
Profitability (Target)		0.029		-0.016
		(0.34)		(-0.87)
Firm Size (Acquirer)		0.090**		0.033***
		(2.53)		(4.65)
Leverage (Acquirer)		0.445*		0.074
		(1.83)		(1.30)
Profitability (Acquirer)		-0.314		-0.030
		(-0.96)		(-0.35)
Toehold		0.006**		0.001
		(2.26)		(1.19)
Cross-Border-Acquisition		0.026		-0.022
		(0.22)		(-0.48)
Attitude		0.504***		0.106***
		(4.02)		(3.04)
Diversify		-0.128		-0.029
		(-1.21)		(-1.39)
Observations	1970	1970	1970	1970
R^2	0.410	0.439	0.377	0.398
Year-Month FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes

Table 10: Mandatory Bid Rule and the Likelihood of Lowballing Across Different Reference Periods

The table reports regression results examining the effect of the mandatory bid rule (MBR) on the likelihood of lowballing. We decompose the sample by the length of the reference period during which a mandatory offer to remaining shareholders at equal pricing is required (less than or greater than 180 days). All other regression specifications are identical to those in Table 2. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Lowballing			
	(1)	(2)	(3)	(4)
Reference period:	Up to 180 Days	Up to 180 Days	More than 180 Days	More than 180 Days
Adopt × PostMBR	0.277*	0.211*	0.081**	0.077**
	(1.83)	(2.06)	(2.59)	(2.69)
Firm Size (Target)		-0.024		-0.015*
		(-1.27)		(-1.97)
Leverage (Target)		-0.213*		-0.050
		(-2.02)		(-0.75)
Profitability (Target)		-0.297**		-0.002
		(-2.30)		(-0.08)
Firm Size (Acquirer)		0.020		0.016***
		(1.51)		(4.24)
Leverage (Acquirer)		0.114		0.004
		(1.18)		(0.11)
Profitability (Acquirer)		-0.037		0.107**
		(-0.36)		(2.14)
Toehold		-0.002***		0.000
		(-3.49)		(0.24)
Cross-Border-Acquisition		-0.024		-0.039
		(-0.61)		(-1.05)
Attitude		0.144***		0.061*
		(3.62)		(1.82)
Diversify		-0.042		-0.004
		(-0.62)		(-0.22)
Observations	413	413	1355	1355
R^2	0.581	0.657	0.391	0.402
Year-Month FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes

Appendix of

"How Does the Mandatory Bid Rule Reshape Corporate Acquisition Deals?"

Table A1: Variable Definition

Variables	Definition
Key Outcome Variables	
Pre-crossing Public	A dummy variable that equals one if the deal is a public deal and the pre-deal ownership stake is below the MBR threshold, and zero otherwise. A deal is classified as a public deal if it is not privately negotiated.
Pre-crossing Cash Tender Offer	A dummy variable that equals one if the deal is a cash tender offer and the pre-deal ownership stake is below the MBR threshold, and zero otherwise.
Pre-crossing Exchange Offer	A dummy variable that equals one if the deal is an exchange offer and the pre-deal ownership stake is below the MBR threshold, and zero otherwise.
Post-crossing Public	A dummy variable that equals one if the deal is a public deal and the pre-deal ownership stake exceeds the MBR threshold, and zero otherwise.
Private	A dummy variable that equals one if the deal is privately negotiated, and zero otherwise.
Crossing	A dummy variable that equals one if the deal crosses the MBR threshold through shares acquired after the bid, and zero otherwise.
Full Ownership	A dummy variable that equals one if the deal results in the acquisition of 100 percent of the target's shares, and zero otherwise.
Majority Share	A dummy variable that equals one if the deal results in the acquisition of at least 50 percent of the target's shares, and zero otherwise.
Post-Acquisition Total Shares	The percentage of total shares owned by the bidder after the completion of the deal.
Staged Deal	A dummy variable that equals one if multiple transactions occur between the same acquirer and target during the sample period, and zero otherwise.
Lowballing	A dummy variable that equals one if the deal is classified as lowballing, and zero otherwise. A deal is classified as lowballing if it satisfies all three of the following criteria: (1) the deal price or control premium is lower than that in the previous deal, or the control premium is negative; (2) the deal occurs after the reference period (RP) has elapsed since the previous deal between the same acquirer and target; and (3) as a result of the deal, the acquirer's ownership stake crosses the MBR threshold.
Lowballing (Public)	A dummy variable that equals to one if the deal is classified as lowballing and is a public deal, and zero otherwise
Lowballing (Private)	A dummy variable that equals one if the deal is classified as lowballing and is a privately negotiated deal, and zero otherwise
Post-RP Lowballing	A dummy variable that equals one if a deal satisfies all of the lowballing criteria except the post-RP criterion, and zero otherwise.
Non-Crossing Lowballing	A dummy variable that equals one if a deal satisfies all of the lowballing criteria except the crossing criterion, and zero otherwise.
Ln(Days Since Last Deal)	The natural logarithm of the number of days since the previous deal between the same acquirer and target.
Post-RP	A dummy variable that equals one if the deal occurs after the reference period has elapsed since the previous deal between the same acquirer and target, and zero otherwise.

Variables	Definition
Key Explanatory Variables	
Adopt	A dummy variable that equals one if the target firm's country of incorporation adopted an MBR at any time during 1985-2022, and zero otherwise.
PostMBR	A dummy variable that equals one if the MBR is in effect in the target firm's country of incorporation at the time of the deal announcement, and zero otherwise
Control Variables	
Firm Size (Target)	Natural logarithm of total assets of the target company
Leverage (Target)	Total-debts-to-total-assets ratio of the target company
Profitability (Target)	EBITDA-to-total-assets ratio of the target company
Firm Size (Acquirer)	Natural logarithm of total assets of the acquiring company
Leverage (Acquirer)	Total-debts-to-total-assets ratio of the acquiring company
Profitability (Acquirer)	EBITDA-to-total-assets ratio of the acquiring company
Toehold	Total percentage of shares owned after the deal − percentage of shares acquired from the deal.
Cross-Border-Acquisition	A dummy variable that equals one if the target firm is acquired by a firm from a different country, and zero otherwise.
Attitude	A dummy variable that equals one if the deal attitude is identified as *friendly*, and zero otherwise.
Diversify	A dummy variable that equals one if the target firm is acquired by a firm from a different industry, determined by the first three digits of the SIC code, and zero otherwise.

Table A2: Dynamic DiD Regression for Pre-crossing Public Deals

This table reports dynamic DiD regression results examining changes in the likelihood of pre-crossing public deals around the adoption of the MBR. The sample is restricted to a six-year (72-month) event window surrounding the adoption of the MBR, consisting of the three years (36 months) before and the three years (36 months) after adoption. The table reports the point estimates of the interaction terms, *Adopt × Year (k)*, where (k = -3, -2, -1, +1, +2,) and (+3), corresponding to months 25-36 before adoption, months 13-24 before adoption, months 1-12 before adoption, months 1-12 after adoption, months 13-24 after adoption, and months 25-36 after adoption, respectively. The month of MBR implementation is excluded from the sample. The year immediately preceding MBR adoption (k = -1) serves as the reference category. A cohort consists of countries that adopt the MBR at the midpoint of the event window (the treated group) and countries whose MBR adoption status does not change during the event window (the control group). The control group includes countries that adopted the MBR before the start of the six-year event window, those that adopt it after the end of the event window, and those that do not adopt the MBR during the sample period. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Pre-crossing Public	
	(1)	(2)
Adopt × Year (-3)	0.010	0.012
	(0.12)	(0.14)
Adopt × Year (-2)	0.000	-0.011
	(0.00)	(-0.13)
Adopt × Year (-1)	Reference	Reference
Adopt × Year (+1)	0.155**	0.184**
	(2.28)	(2.43)
Adopt × Year (+2)	0.167**	0.199**
	(2.24)	(2.37)
Adopt × Year (+3)	0.190***	0.236***
	(3.43)	(4.14)
Observations	22409	22409
R^2	0.370	0.405
Control variables	No	Yes
Year-Month-by-Cohort FE	Yes	Yes
Country-by-Cohort FE	Yes	Yes
Industry-by-Cohort FE	Yes	Yes

Table A3: Mandatory Bid Rule and Post-Acquisition Shares (including shares acquired through a subsequent cash tender offer triggered by the MBR)

The table reports regressions examining the effect of the mandatory bid rule (MBR) on post-acquisition ownership stakes. In this robustness check, we include shares acquired through a subsequent cash tender offer triggered by the MBR within six months of the previous transactions when identifying *Full Ownership* and *Majority Ownership*, as well as when calculating *Post-Acquisition Total Shares*. All other regression specifications are the same as those in Table 6. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Full Ownership		Majority Share		Post-Acquisition Total Shares	
	(1)	(2)	(3)	(4)	(5)	(6)
Adopt × PostMBR	0.155**	0.089***	0.142**	0.067**	10.909**	4.521**
	(2.61)	(4.39)	(2.46)	(2.31)	(2.05)	(2.17)
Firm Size (Target)		0.007		-0.011*		-0.369
		(1.23)		(-1.72)		(-0.76)
Leverage (Target)		-0.025		-0.015		-1.187
		(-1.49)		(-0.60)		(-0.72)
Profitability (Target)		0.003		0.014		0.644
		(0.36)		(1.11)		(0.75)
Firm Size (Acquirer)		0.001		0.010		0.522
		(0.24)		(1.50)		(1.07)
Leverage (Acquirer)		-0.055*		-0.026		-3.606
		(-1.79)		(-0.72)		(-1.51)
Profitability (Acquirer)		0.073**		0.076**		5.999**
		(2.24)		(2.08)		(2.42)
Toehold		0.008***		0.009***		0.766***
		(8.11)		(15.71)		(16.96)
Cross-Border-Acquisition		-0.087***		-0.053*		-4.317***
		(-4.63)		(-2.02)		(-2.78)
Attitude		0.138***		0.207***		13.351***
		(5.07)		(7.23)		(5.52)
Diversify		-0.028**		-0.042***		-4.024***
		(-2.10)		(-2.99)		(-3.32)
Observations	3881	3881	3881	3881	3881	3881
R^2	0.243	0.500	0.299	0.551	0.305	0.640
Year-Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes

Table A4: Dynamic DiD Regressions for Lowballing

This table reports dynamic DiD regression results examining changes in the likelihood of lowballing around the adoption of the MBR. The sample is restricted to a six-year (72-month) event window surrounding the adoption of the MBR, consisting of the three years (36 months) before and the three years (36 months) after adoption. The table reports the point estimates of the interaction terms, *Adopt × Year (k)*, where (k = -3, -2, -1, +1, +2,) and (+3), corresponding to months 25-36 before adoption, months 13-24 before adoption, months 1-12 before adoption, months 1-12 after adoption, months 13-24 after adoption, and months 25-36 after adoption, respectively. The month of MBR implementation is excluded from the sample. The year immediately preceding MBR adoption (k = -1) serves as the reference category. A cohort consists of countries that adopt the MBR at the midpoint of the event window (the treated group) and countries whose MBR adoption status does not change during the event window (the control group). The control group includes countries that adopted the MBR before the start of the six-year event window, those that adopt it after the end of the event window, and those that do not adopt the MBR during the sample period. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Lowballing	
	(1)	(2)
Adopt × Year (-3)	-0.012	0.023
	(-0.18)	(0.31)
Adopt × Year (-2)	0.113	0.123
	(1.34)	(1.48)
Adopt × Year (-1)	Reference	Reference
Adopt × Year (+1)	0.114*	0.150**
	(1.72)	(2.35)
Adopt × Year (+2)	0.135	0.171**
	(1.68)	(2.08)
Adopt × Year (+3)	0.144**	0.187**
	(2.04)	(2.49)
Observations	9348	9348
R^2	0.601	0.620
Control variables	No	Yes
Year-Month-by-Cohort FE	Yes	Yes
Country-by-Cohort FE	Yes	Yes
Industry-by-Cohort FE	Yes	Yes

Table A5: Dynamic DiD Regressions for Lowballing
(Transactions Sorted by Post-Reference-Period Timing)

This table reports dynamic DiD regression results examining changes in the likelihood of lowballing around the adoption of the MBR. In these dynamic regressions, transactions are classified according to the timing of the deal following the expiration of the equal-pricing reference period: within 6 months, 6-12 months, and more than 12 months after the reference period. Accordingly, the outcome variables are redefined. In Columns (1) and (2), *Lowballing (Within-6M Post-RP)* is a dummy variable equal to one if a deal is classified as lowballing and occurs within 6 months after the equal-pricing reference period has expired, and zero otherwise. In Columns (3) and (4), *Lowballing (7–12M Post-RP)* is a dummy variable equal to one if a deal is classified as lowballing and occurs between 6 and 12 months after the equal-pricing reference period has expired, and zero otherwise. In Columns (5) and (6), *Lowballing (Over-12M Post-RP)* is a dummy variable equal to one if a deal is classified as lowballing and occurs more than 12 months after the equal-pricing reference period has expired, and zero otherwise. All other regression specifications are the same as those in Table A4. Standard errors are clustered at the target-country level. Statistical significance at the 10%, 5%, and 1% levels is denoted by *, **, and ***, respectively. *t*-statistics are reported in parentheses.

	Lowballing (Within-6M Post-PR)		Lowballing (7-12M Post-PR)		Lowballing (Over-12M Post-PR)	
	(1)	(2)	(3)	(4)	(5)	(6)
Adopt × Year (-3)	-0.016	-0.010	0.032	0.039	-0.028	-0.007
	(-0.41)	(-0.25)	(0.73)	(0.96)	(-0.63)	(-0.14)
Adopt × Year (-2)	0.066	0.068	0.024	0.027	0.024	0.028
	(1.51)	(1.58)	(0.63)	(0.73)	(0.51)	(0.57)
Adopt × Year (-1)	Reference	Reference	Reference	Reference	Reference	Reference
Adopt × Year (+1)	0.103*	0.119**	0.016	0.025	-0.004	0.006
	(1.77)	(2.06)	(0.84)	(1.23)	(-0.09)	(0.12)
Adopt × Year (+2)	0.114	0.125*	0.000	0.006	0.021	0.040
	(1.68)	(1.85)	(0.01)	(0.31)	(0.44)	(0.79)
Adopt × Year (+3)	0.082**	0.091**	0.047***	0.058***	0.015	0.038
	(2.35)	(2.62)	(2.77)	(3.11)	(0.23)	(0.60)
Observations	9348	9348	9348	9348	9348	9348
R^2	0.600	0.610	0.588	0.595	0.546	0.570
Control variables	No	Yes	No	Yes	No	Yes
Year-Month-by-Cohort FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-by-Cohort FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Cohort FE	Yes	Yes	Yes	Yes	Yes	Yes

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