

The Future of Corporate Takeovers in Europe

ECGI Session at the
**Federation of European Securities
Exchanges'**

6th European Financial Markets
Convention

Brussels, 31 May 2002

Regulating Takeover Bids in Europe

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FESE Conference, 31 May 2002

13th Directive's Demise

- Initial draft 1989, agreement 2000
- Germany backed out: no level playing field
- Votes in EP blocked: 273 - 273
- Bolkestein: new proposal on basis of recommendations HLG
 - equitable price
 - squeeze-out
 - level playing field

Level playing field

- Three possible approaches:
 - leave it to the market, freedom of contract
 - permanent proportionality, one share one vote
 - middle ground: solution to allow take over bids to be successful across Europe

Key recommendations

- Disclosure of capital and control structures
- Shareholder decision-making
- Proportionality
- First phase: EGM to authorise defence
- Second phase: break-through if bidder after general bid has acquired 75% of risk-bearing capital

Criticism

- Freedom of contract/market force
- Multiple voting rights
- Concept of risk-bearing capital
- No level playing field: pyramids untouched
- Level playing field with the US