Netherlands


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1 Relevant Authorities and Legislation

1.1 What regulates M&A?

Apart from the relevant case law, the key legal framework consists of the Financial Supervision Act (*Wet op het financieel toezicht*) and the Civil Code (*Burgerlijk Wetboek*), which lay down the main principles. The Public Bid Decree (*Besluit openbare biedingen*) contains detailed regulations that govern the public bid process (including the bid timetable, required announcements and contents of the offer memorandum). The Authority for the Financial Markets (AFM) is generally competent to supervise a public bid for securities that are listed on a regulated market in the Netherlands (in particular, Euronext Amsterdam). The AFM does not supervise self-tender bids made by companies for their own listed securities, as these fall outside the scope of the Dutch public bid rules. If the AFM is competent, no public bid may be launched without the publication of an AFM-approved offer memorandum. The AFM will not act as an arbiter during a public bid (unlike, for example, the UK Panel on Takeovers and Mergers). Instead, the AFM supervises compliance with the (mainly) procedural aspects of the bid process, and may take enforcement actions in cases of infringement, including the imposition of fines. The AFM is not competent to rule on whether a mandatory bid is triggered. This is the exclusive competence of the (specialised) Enterprise Chamber at the Amsterdam Court of Appeals. Other relevant legislation includes the European Union (EU) Market Abuse Regulation, the Works Councils Act (*Wet op de ondernemingsraden*), which may require employee consultation, as well as the Competition Act (*Mededingingswet*) and the EU Merger Regulation, which may require merger clearance from the Authority for Consumers and Markets or from the European Commission, respectively.

1.2 Are there different rules for different types of company?

The applicable rules and competent regulatory authorities depend on the target's place of incorporation, and the place of its admission to trading on a regulated market.

With respect to a target incorporated in the Netherlands or outside the European Economic Area (EEA), the AFM has the jurisdiction to review the bidder's offer memorandum if the target is admitted to trading on a regulated market in the Netherlands.

With respect to a target incorporated in an EEA Member State other than the Netherlands, the AFM has jurisdiction if: (i) the target's sole or first admission to trading on an EEA regulated market was in the Netherlands; or (ii) the target was simultaneously admitted to trading on a regulated market in the Netherlands and a regulated market in another EEA Member State, and the target designated the AFM as the competent authority. In either case, the AFM is not competent if that non-Dutch target is admitted to trading on a regulated market in the EEA Member State of its incorporation.

With respect to a target incorporated in the Netherlands and admitted to trading on a regulated market in the Netherlands or another EEA Member State (thus excluding non-EEA markets, e.g. the New York Stock Exchange), the Enterprise Chamber has the jurisdiction to rule on whether a mandatory bid is triggered, but only if a request for such a ruling is made by the target, one of its shareholders, or a special interest foundation or association (e.g. the investor association European Investors-VEB).

1.3 Are there special rules for foreign buyers?

There are generally no special rules for foreign buyers, except that companies may impose certain restrictions under their organisational documents, such as Dutch residency or EU nationality requirements. This is atypical, however, especially for publicly traded companies.

Regarding foreign direct investment controls, the EU FDI-Regulation (2019/452) entered into force in April 2019 (11 October 2020 in the Netherlands). Among other things, the Regulation allows Member States (such as the Netherlands) to maintain mechanisms to screen foreign direct investments in their territory and gives the European Commission the authority to issue its opinion, addressed to a Member State where a foreign direct investment is planned or has been completed, that it considers is likely to affect projects or programmes of Union interest, in each case on grounds of security or public order.

The EU Foreign Subsidies Regulation entered into force on 12 January 2023. This regulation grants the European Commission the power to prohibit, unwind or impose remedies on mergers, acquisitions and joint venture formation as well as public procurement bids that involve companies operating in the EU that receive subsidies in non-EU countries if such subsidies distort the EU's internal market. Mergers, acquisitions and the formation of joint ventures require prior approval by the European Commission if: (i) at least one of the merging companies, the target company or the joint venture is based in the EU and has achieved an EU turnover of at least EUR 500 million in the immediate preceding fiscal year; and (ii) the relevant buyer and target companies, the merging companies or joint

venture partners together received more than EUR 50 million in financial contributions from non-EU countries in the three years preceding the agreement, the announcement of the public bid or the acquisition of a controlling interest. Other financial thresholds apply for public procurement bids. The European Commission also has an *ex officio* power to initiate investigations into any distortive subsidies in the internal market. This power covers all economic activities of companies that have received a subsidy (regardless of its amount) from a non-EU government.

1.4 Are there any special sector-related rules?

There are special rules for financial sector businesses with registered offices in the Netherlands (e.g. banks and insurance companies), requiring prior approval of the competent supervisory authority (e.g. the European Central Bank) for any acquisition of 10% or more of such companies' capital or voting rights. In addition, for instance, the acquisition of an energy company may (depending on the nature and size of its activities in the Netherlands) be subject to scrutiny by the Ministry of Economic Affairs, which may prohibit or impose conditions on the acquisition.

In 2020, new legislation entered into force introducing governmental review of the potential acquisition of a controlling interest in a Dutch telecom company (such as telecom networks, telecom providers, and data centres). The new legislation requires that any party that intends to acquire a controlling interest (e.g. 30% or more of the voting rights, or the right to appoint or dismiss a majority of the board members) in a Dutch telecom company must first report this intention to the Minister for Economic Affairs and Climate Policy if the envisaged interest would result in "relevant influence" in the telecom sector. The Minister can block the acquisition if the Minister is of the view that the acquisition could threaten the public interest (i.e. public order, public security, or the material interests of the safety of the state). The Minister has eight weeks to take a position but can extend that period by another six months if further investigation is required (whereby any request for information stops the clock until the requested information has been provided). Importantly, the Minister can also impose such a prohibition (before or after the fact) at a time when no notification is made. The party that is subject to a prohibition must, within a reasonable period as determined by the Minister, scale down or dispose of its interest so that it no longer holds a controlling interest in the relevant telecom company. Until that time, the relevant party's non-economic rights thereunder will be suspended.

On 1 June 2023, the Security Test for Investments, Mergers and Acquisitions Act (Vifo Act) entered into force. The Vifo Act retroactively applies to, and may be invoked with respect to, both foreign and domestic investors with respect to investments made on or after 8 September 2020. On the basis of this Act, there is an *ex ante* screening mechanism for investments in relevant targets resulting in control, or, in some categories, significant influence (i.e. at least 10% of the voting rights, the right to appoint or dismiss one or more directors, or similar arrangements on the basis of an agreement) in a company that has its activities or actual management in the Netherlands. A company is captured by the regime if it is (i) involved in vital processes, (ii) active with sensitive technologies, or (iii) a manager of a business campus. For highly sensitive technologies, the lower threshold of significant influence applies. The Dutch Investment Review Agency (BTI) assesses whether a risk to national security has arisen and may impose conditions or even block the investment in certain cases. The BTI has informally stressed that even in the case of states with a different geopolitical agenda, it will not necessarily seek to block investments: it will try to craft remedies to allow as many investments as possible. However, the BTI will be particularly careful in case the targeted business is a crucial building block in a particular Dutch industrial eco-structure. For further information, please refer to https://iclg.com/practice-areas/foreign-direct-investment-regimes-laws-and-regulations/Netherlands.

The Dutch Minister of Defence has published a bill introducing a sector-specific test, which will also entail *ex ante* screening, to complement the Vifo Act. The scope of the current version of the bill encompasses target companies active with specific military items and target companies that are substantial suppliers to the Dutch defence forces. The bill was open for consultation until 1 September 2024.

In addition, in February 2024, a motion was passed in Dutch Parliament, designating the vegetable and seed improvement sector as a sensitive technology under the Vifo Act, as protecting these companies is of vital importance for national security.

1.5 What are the principal sources of liability?

Shareholders who, alone or jointly, hold shares in excess of the requisite statutory thresholds (in value or percentage of capital) may bring mismanagement proceedings concerning the target before the Enterprise Chamber, a division of the Amsterdam Court of Appeals. This division has the jurisdiction to adjudicate certain corporate matters in the first instance, in addition to specific powers of inquiry, expertise and composition. Shareholders have done so in takeover situations; for example, on the grounds of the board's failure to observe its duties. The suit may also allege that shareholder behaviour is in violation of the requirements of reasonableness and fairness. Pending a final decision, the Enterprise Chamber, which generally works on an expedited basis, can take a broad range of temporary actions. These actions are typically aimed at maintaining the *status quo* and ensuring continued proper management. The Enterprise Chamber cannot award damages. However, a ruling of mismanagement may be used by shareholders to substantiate a claim for damages based on tort in a separate civil action. Liability may also arise on the grounds of misleading or untimely disclosure of information by the target board.

2 Mechanics of Acquisition

2.1 What alternative means of acquisition are there?

Control over a target is generally acquired through a (public) bid for all issued shares. The bid will often be in cash; however, all or part of the consideration may also consist of securities (including shares, bonds and convertible instruments). In rare instances, a bidder has decided to make a partial bid or tender offer, which must be for securities representing less than 30% of the voting rights in the target (e.g. América Móvil's successful partial bid for KPN in 2012, and Pon Holdings' partial bid for Accell Group in November 2018). Under the Dutch definition of "tender offer" (as opposed to a full or partial bid), the consideration must be all-cash and determined by a reversed book-building process (i.e. the consideration will be specified by the tendering shareholder).

Alternatively, but relatively rarely, control over the target may be acquired through a statutory merger, whereby a

surviving company (pre-existing or newly incorporated) acquires the assets and liabilities of one or more disappearing companies by operation of law (e.g. the 2013 merger between Fiat and CNH, the 2014 merger between Fiat and Chrysler, and the merger between Fiat Chrysler and Peugeot announced in December 2019). Statutory mergers can be domestic (i.e. between Netherlands-incorporated companies) or cross-border within the EEA (i.e. between EEA-incorporated companies), but not between Netherlands-incorporated companies and non-EEA-incorporated companies (e.g. Delaware corporations). There are, however, other techniques by which to "merge" a Delaware corporation with a Dutch company, resulting in the Delaware corporation becoming a subsidiary, and its stockholders becoming shareholders, of the Dutch company (e.g. the 2015 merger between NXP and Freescale). Triangular statutory mergers are possible but US-style cash-out mergers are not. (Again, there are other techniques by means of which a similar result may be obtained (e.g. the 2020 post-bid, cash-out mergers of Wright Medical Group into a subsidiary of Stryker).) In an outbound cross-border merger, dissenting shareholders have appraisal rights that allow them to exit against cash compensation.

Finally, the business of the target (or the relevant part thereof) may be acquired by a simple asset or share purchase transaction, whereby the target sells the assets comprising the business, or the shares in the subsidiary (or subsidiaries) holding or operating the business.

2.2 What advisers do the parties need?

Advisers typically engaged by the target and bidder in public deals include accountants, auditors, investment bankers, lawyers and public relations consultants. In particular, the bidder's financial advisers assist with the "certainty of funds" announcement. In addition, although not required by law, the target board will typically obtain one or more fairness opinions on the public bid from its financial advisers.

2.3 How long does it take?

The statutory timetable starts to run once a public bid is announced, or where sufficiently concrete information on the bid has leaked or has otherwise been disclosed to the public requiring the target company and, potentially, the bidder to make an announcement. Within four weeks of this (actual or deemed) initial announcement, the bidder must confirm whether it will proceed with its bid and, if so, when it expects to file its draft offer memorandum with the AFM. The draft offer memorandum must be filed for approval within 12 weeks of the initial announcement. By this time, the bidder must have publicly confirmed the certainty of its funding for the bid (the "certainty of funds" announcement; see question 2.16). At this stage, the draft offer memorandum, as filed, will not yet be publicly available. The AFM should notify the bidder of its decision on the request for approval within 10 business days of the date of filing or, if the AFM requests additional information, of the date on which the additional information is provided. In practice, a review period will typically take at least three to four weeks. Once approved, the offer memorandum must be published within six business days if the bidder decides to proceed with the bid. The tender period must begin within three business days after such publication, and last between eight and 10 weeks. Within three business days after the expiration of the tender period, the bidder must either (i) declare the bid unconditional or lapsed, or (ii) extend the tender period. The tender period may be extended once, and the extension may last between two and 10 weeks. If the bid is declared unconditional, the bidder may, within three business days, invoke a post-acceptance period, lasting up to two weeks, to give non-tendering shareholders a last chance to tender their shares. Please see the Appendix for an indicative timetable for a friendly bid.

Regulatory issues or delays may affect this statutory timetable. The AFM may, therefore, grant exemptions from the tender period limitations. Although it tends to be reluctant to do so, precedents include situations where an extension was necessary to align the public bid timetable with the timetable for the ongoing antitrust or regulatory authorities review.

2.4 What are the main hurdles?

The bidder will want to ensure that sufficient shares of the target are tendered, given that statutory squeeze-out proceedings and de-listing (from Euronext Amsterdam) require 95% of the target's issued shares to be (directly or indirectly) held by the bidder following completion of the bid. If a lower number is held following completion of the bid, the bidder may consider alternative ways to obtain 100% of the target's shares, such as through a statutory merger or through the target's liquidation following a transfer of all of its assets and liabilities to the bidder (at a value equal to the bid price without interest and less any applicable withholding taxes). Moreover, the bidder may need to secure committed financing prior to launching the bid in connection with the requisite "certainty of funds" announcement. Other hurdles include antitrust and other regulatory clearances (e.g. the European Commission's prohibition, under the EU Merger Regulation, of the proposed acquisition of TNT Express by UPS in 2013).

2.5 How much flexibility is there over deal terms and price?

Generally, shareholders must be treated equally. In particular, the "best price" rule requires that the bidder pay the tendering shareholders either the higher of the bid price (as may be increased during the process) or the price paid by the bidder for shares outside the bid process at any time during that process. Also, if the bid is declared unconditional, the bidder is prohibited, within the first year of the date of publication of the offer memorandum, from acquiring shares on terms that are more advantageous to the seller than those offered to tendering shareholders. Notably, the "best price" rule does not apply to acquisitions of shares prior to the (actual or deemed) initial announcement of the bid. Also exempted are regular stock exchange transactions, whenever executed, and shares acquired through statutory squeeze-out proceedings. Bidders may increase their consideration multiple times during the bid process (while the bid is still outstanding), provided that shareholders must have at least seven business days (during which the bid remains open) to evaluate the increased bid and that the bidder makes another "certainty of funds" announcement (see questions 2.3 and 2.16).

2.6 What differences are there between offering cash and other consideration?

If the bid consideration consists of transferable securities, additional and extensive disclosure pertaining to the issuer

of the transferable securities is required (e.g. a management discussion and analysis (MD&A) section in the offer memorandum). To this end, the bidder must make available either a prospectus (which has been approved by the AFM or, as the case may be, the competent regulatory authority of another EEA Member State) or an equivalent document (which does not need to be separately approved, and which could be the offer memorandum itself). Generally, the bidder must disclose, in either document, all the information necessary for an investor to make an informed assessment of the transferable securities (including the rights attached thereto) of the issuer (including its financial position), and of the bidder (if different from the issuer).

2.7 Do the same terms have to be offered to all shareholders?

See question 2.5.

2.8 Are there obligations to purchase other classes of target securities?

A bid must be made for all shares of the same class, whereby the bidder can exclude shares of the same class that have not yet been admitted to trading at the time of announcement of the bid. It is common for a bid to be extended to securities that are convertible into the shares for which the bid is made. There is no requirement to make a bid for the target's non-voting securities. A mandatory bidder must make a bid for all classes of shares and depositary receipts for shares in the capital of the target.

2.9 Are there any limits on agreeing terms with employees?

The "best price" rule applies to the terms to be agreed on with employees relating to the target's shares or their value (see question 2.5). In addition, the offer memorandum must disclose all individual amounts payable to directors of the target or the bidder upon completion of the bid (including individual severance payments payable to the target's resigning directors).

2.10 What role do employees, pension trustees and other stakeholders play?

One or more works councils within the target's (or the bidder's) group, as well as any relevant trade unions, may need to be consulted prior to the formal launch of the bid. Their prior advice, but not consent, is generally required. Dutch works councils may bring proceedings for injunctive relief before the Enterprise Chamber if the procedural requirements for their consultation are not complied with. Such proceedings are rare, as the threat of litigation typically ensures that the required consultations take place.

2.11 What documentation is needed?

In a friendly bid situation, the bidder and target will typically enter into confidentiality and standstill arrangements, as well as a so-called "merger protocol" setting out the terms of the bid (including conditions for launching and completing the bid, target fiduciary outs, no-shop provisions, and (regular and, potentially, reverse) break fees). The bidder may also seek to obtain irrevocable tendering commitments from one or more of the target's major shareholders, requiring them to tender their shares if the bid is launched (and subject to its completion). The foregoing documents are not required to be made publicly available, but their main terms must be disclosed in the offer memorandum. In addition, several press releases are required during the bid process, including: (i) the initial announcement; (ii) the confirmation on whether and when a draft offer memorandum will be filed with the AFM; (iii) the "certainty of funds" announcement; (iv) the announcement that the AFM-approved offer memorandum has been made publicly available; (v) the announcement of the start of the tender period; and (vi) the announcement on whether the bid is declared unconditional (and will therefore be completed), lapsed, or extended. Other main documents include the AFM-approved offer memorandum itself, any fairness opinions from the target's financial advisers (which is typical, but not required by law), the notice of the required extraordinary shareholders' meeting (for Dutch targets), and the position statement by the target board (outlining its position on the bid). If the bid consideration consists of transferable securities, the bidder must also make available a prospectus or equivalent document (see question 2.6).

2.12 Are there any special disclosure requirements?

The offer memorandum must include, among other things, to the extent available to the bidder: (i) a comparative overview of the target's balance sheet, profit and loss statement and cash flow statement as included in the last three adopted annual accounts and the most recent published annual accounts; (ii) an auditor's statement with respect to the comparative overview under (i); (iii) the published financial data for the current financial year (covering at least the first half-year of the current financial year if the bid document is published three months after the expiration of the half-year); (iv) a review statement from an accountant covering the financial data for the current year; and (v) the main terms of a merger protocol or irrevocable tendering commitment, if any (see question 2.11). Additional disclosures are required if the bid consideration consists of transferable securities (see question 2.6).

2.13 What are the key costs?

Key costs include the advisers' fees and expenses, borrowing costs (to finance the bid), break fees (if the bid is not completed), and the costs in preparing and making available the requisite documents (such as the offer memorandum and the notice of the shareholders' meeting).

2.14 What consents are needed?

The AFM must approve the offer memorandum before the bid can be launched. Also, clearance by one or more competition authorities may be required prior to completion of the bid. With respect to target companies active in certain regulated sectors (e.g. banks and insurance companies), the prior approval of the competent supervisory authority (e.g. the European Central Bank) may be required. Finally, if the bid triggers change-of-control clauses in contracts of the target or its group members, counterparty consents may be needed.

2.15 What levels of approval or acceptance are needed to obtain control?

The bidder is free to set minimum acceptance levels but cannot

acquire 30% or more (but less than 50%+1) of the voting rights without triggering a mandatory bid upon the completion of its voluntary bid. Acceptance levels ranging between 66.67% and 95% are common. In addition, the bid terms may provide that the bidder has the right, but not the obligation, to complete the bid if less than y% but more than z% is tendered, but that it must abandon the bid if less than z% is tendered. In recent years, it has become quite typical to agree among the bidder and target that the (initial) minimum tender condition is automatically lowered to a pre-agreed threshold (often set at 80%) once the target's shareholders have pre-approved certain resolutions that take effect upon completion of the bid (e.g. replacement of target board members as well as certain potential post-closing reorganisations, such as a sale of the target's assets and liabilities to the bidder or one of its affiliates (followed by the target's liquidation), in the event the bidder obtains less than 95% through the bid). In several recent precedents did the bidder have the right to unilaterally waive the acceptance threshold (altogether, without any specific minimum percentage having been agreed, between bidder and target board, under which the (lowered) acceptance threshold may not be set); in the 2020 bid by Mr Drahi for Altice Europe, this unilateral waiver right was one of the focus points of the litigation.

2.16 When does cash consideration need to be committed and available?

The bidder must have obtained and publicly confirmed the certainty and sufficiency of its funding for the bid no later than when it files the draft offer memorandum with the AFM for approval. This "certainty of funds" requirement means that the bidder must have received financing commitments that, in principle, are subject only to conditions that can reasonably be fulfilled by the bidder (e.g. credit committee approval should have been obtained). However, such conditions may include any resolutions to be adopted by the bidder's extraordinary general meeting in connection with the funding or consideration offered (e.g. the issuance of shares). Any drawing under the financing of the bid may not be conditioned on the absence of a material adverse effect (for the benefit of the prospective financers), unless the same applies to the bid itself (for the benefit of the bidder).

3 Friendly or Hostile

3.1 Is there a choice?

There are generally no legal impediments to launching a hostile bid in the Netherlands. However, friendly bids are far more common, as they typically enable the bidder to conduct due diligence into the target and secure the recommendation of the target board. Also, hostile bids run the risk of being delayed, discouraged or defeated by defensive measures (e.g. the acquisition of half of Mylan's outstanding voting rights upon the Mylan Foundation's exercise of its call option to ward off Teva's hostile USD 40 billion bid for Mylan; see question 8.1).

There is no statutory obligation requiring the target to allow hostile bidders to conduct due diligence, or to provide them with any non-public information. However, the Dutch Supreme Court has held that the target board should respect the interests of "serious" potential bidders, both friendly and hostile.

As a general rule, the target board should take the interests of all stakeholders into account. This can mean that the target board does not necessarily have to pursue the option creating the most shareholder value. There is no statutory obligation for the target board to facilitate a level playing field among bidders (as was confirmed in the court ruling regarding Talpa's hostile (higher) bid for the Dutch media company TMG).

3.2 Are there rules about an approach to the target?

There are generally no rules about an approach to the target. However, discussions with the target board may quickly become sufficiently concrete to constitute price-sensitive information ("inside information") and should therefore be kept strictly confidential until the parties are ready to announce the bid. In any event, an initial announcement must be made no later than when the parties have reached conditional agreement on the contemplated bid (typically by virtue of a merger protocol that is still subject to regulatory approvals and other conditions). Until that time, the target may delay the public disclosure of inside information in order not to prejudice its legitimate interests (e.g. to negotiate a friendly bid), provided that such omission would not be likely to mislead the public, and provided further that the target is able to ensure the confidentiality of that information. The target must, in that case, keep a written record evidencing how these requirements have been met, and submit such record to the AFM upon its request. If the target becomes subject to rumours (that are at least partially based on facts) and there are unexplainable movements in its share price, a press release must be issued without delay; the AFM is typically vigilant in enforcing immediate disclosure. If, in that case, the target publicly confirms (solely) that discussions with the bidder are ongoing (without mentioning a price and other details, assuming they are still under discussion), the bid will not be deemed to have been announced (and no statutory timetable will therefore start to run) until a conditional agreement has been reached (and announced). A bidder may be required to proactively make a public announcement of material facts that might affect the target's trading price (and might, in fact, start the statutory bid timetable), particularly if there is a risk that inaccurate or misleading information may otherwise be available in the market.

3.3 How relevant is the target board?

The target board is important because it must disclose its position (often supported by fairness opinions) on the bid to shareholders. Also, the target board may provide the bidder with the opportunity to conduct due diligence prior to launching or completing the bid (see also question 3.1). Further, the target board may impose a cooling-off period of up to 250 days (please refer to question 8.1).

3.4 Does the choice affect process?

The choice may not generally (at least, in theory) affect process. However, the "put up or shut up" rule allows the target (and no one else) to request the AFM to force a potential bidder to make a public announcement regarding its intentions with respect to the target. This announcement may be imposed if a potential bidder publicly discloses information that could create the impression that it is considering making a public bid. If the AFM grants the request, the bidder must announce a public bid within six weeks following notification by the AFM, or announce that it will not make a bid. In the latter case, the bidder is prohibited from announcing or making a

bid for the target for the next six months (unless an unaffiliated third party makes a bid during that time), and from obtaining 30% or more of the voting rights in the target during that period (which would trigger the requirement to launch a mandatory bid; see question 5.4). A period of nine months will apply (instead of six months) if the bidder does not make the required announcement within the six-week period. The "put up or shut up" rule also applies if the bidder, during the bid process, decides that it will not launch a bid or that it will not declare the bid unconditional.

4 Information

4.1 What information is available to a buyer?

In a friendly bid situation, the information available to a bidder may include non-public or inside information, based on pre-existing arrangements with the target (typically laid down in a merger protocol and a non-disclosure agreement). Such a bidder who has obtained inside information (that does not solely comprise its own intentions), through pre-bid due diligence or otherwise, cannot subsequently act on such information (i.e. engage in on- or off-market purchases, or launch and close a bid) as long as the information is price-sensitive and not publicly disclosed.

In a hostile bid situation, the bidder's access will generally be limited to publicly available information only. In a competing bid situation, the target board may, under certain circumstances, be required to grant "serious" potential bidders (including, possibly, competitors of the target) the same access to information if this is in the interest of the target and its stakeholders (see question 3.1).

4.2 Is negotiation confidential and is access restricted?

Negotiations will typically be kept confidential until the parties reach conditional agreement on the contemplated bid (by way of a merger protocol). The parties will typically enter into confidentiality and standstill arrangements (preventing the bidder from disclosing inside information or trading in the target's securities). Also, the EU Market Abuse Regulation requires the parties to maintain up-to-date lists of all persons who are, or may become, exposed to inside information, and to instruct these persons to observe confidentiality commitments.

4.3 When is an announcement required and what will become public?

In a friendly bid situation, once the parties have reached conditional agreement on a contemplated bid, they must make an announcement to that effect. The parties need not disclose the agreement (the merger protocol); however, the main terms of that agreement must be described in the offer memorandum. The bid is deemed to have been announced (and the statutory timetable commenced) once the bidder discloses to the public (through a press release or otherwise) concrete information on the bid in relation to an identified potential target (see question 2.3). This will be the case, in any event, if and when information is released by the bidder containing either the proposed consideration or exchange ratio, or an envisaged timetable for the bid.

If a potential bidder publicly discloses information that could create the impression that it is considering making a public bid, the target, pursuant to the "put up or shut up" rule, may request the AFM to force the bidder to publicly disclose its intentions (see question 3.4). In practice, leaked information with respect to bid discussions, or with respect to a bid confidentially submitted to the target board, may force a bidder to make a public disclosure with respect to its proposal.

4.4 What if the information is wrong or changes?

The remedies available to a bidder, in the event that information provided by the target is wrong or changes, generally depend on its arrangements with the target (if any). If the information is materially wrong or changes materially, the bidder might be able to invoke "material adverse effect" provisions or terminate the merger protocol on other grounds, and walk away from the bid (without the bidder incurring any liability for doing so, and with the bidder possibly collecting a break fee or reserving the right to claim damages for all costs incurred). A bidder, before the launch of the bid, may also try using that wrong or changed information to renegotiate the offer consideration. If the bidder, after the closing of the bid, becomes aware of the provided information being wrong, its remedies will be limited (i.e. to claims against former management) or unavailable.

5 Stakebuilding

5.1 Can shares be bought outside the offer process?

Shares can be bought outside the offer process (save for standstill agreements) if and when the bidder is not sitting on inside information (that does not solely comprise its own intentions). However, such purchases must be publicly disclosed following the (actual or deemed) announcement of the bid. In addition, they may have an impact on the terms of the bid in connection with the "best price" rule (see question 2.5).

5.2 Can derivatives be bought outside the offer process?

Yes, subject to the same rules as those applicable to share purchases.

5.3 What are the disclosure triggers for shares and derivatives stakebuilding before the offer and during the offer period?

The bidder's purchases of shares that are subject to the bid during the bid process must be immediately disclosed to the public. This also extends to regular stock exchange transactions and derivatives. The disclosure must include the purchase price and other terms. Disclosures can be aggregated on a daily basis. In addition, with respect to transactions in listed equity securities generally, the bidder must file with the AFM the reaching, falling below, or exceeding of any of the following (long or gross-short) share capital or voting rights thresholds: 3%; 5%; 10%; 15%; 20%; 25%; 30%; 40%; 50%; 60%; 75%; and 95%. The AFM keeps a public register on its website where these "substantial interest" filings are available for inspection.

5.4 What are the limitations and consequences?

A bidder who, alone or acting in concert with others, acquires 30% or more of the voting rights in a target, must launch a mandatory bid (subject to exemptions and a 30-day grace period). However, irrevocable tender commitments from shareholders, obtained by the bidder in anticipation of a voluntary bid, are exempted from the mandatory bid rules. Accordingly, a bidder who obtains such commitments will not be deemed to "act in concert" with the shareholders concerned.

6 Deal Protection

6.1 Are break fees available?

Break fees are allowed (often including reverse break fees, payable by the bidder). There are no specific rules in place, nor is there definite case law on the matter. A break fee of around 1% of the target's equity value in a fully Dutch deal is typical, but, in particular where foreign parties are involved, higher break fees may be agreed. However, it is generally believed that excessive break fees may conflict with the target board's fiduciary duties and could qualify as a disproportional anti-takeover defence if they would frustrate potential competing bids.

6.2 Can the target agree not to shop the company or its assets?

No-shop provisions (subject to fiduciary outs) are commonly found in merger protocols. However, before agreeing to such provisions, the target board should have made an informed assessment of available alternatives to the bid, and on that basis have determined, exercising reasonable business judgment, that the bid is in the best interests of the company and its stakeholders.

6.3 Can the target agree to issue shares or sell assets?

The target cannot agree to issue shares or sell assets if such an action would, in effect, constitute a disproportional anti-takeover defence, frustrating potential (competing) public bids (see question 8.2). However, such transactions may be executed while a bid is announced or pending (and may adversely affect such a bid), and are not necessarily prohibited if they have an independent business rationale (e.g. the 2007 sale of LaSalle by ABN AMRO as part of its contemplated acquisition by Barclays following a competing bid by the Royal Bank of Scotland (together with its consortium partners, Fortis and Santander), whose competing bid was, initially, premised on the abandonment of the sale).

6.4 What commitments are available to tie up a deal?

Typical commitments are break fees, no-shop provisions, a fiduciary out for the target board in the case of a superior bid that, in any case, exceeds the offered bid price by an agreed upon minimum percentage (typically 5–10%), and matching rights. In addition, several recent bids include a fiduciary out that gives the target board the right to withdraw its recommendation of the bid due to a material change in circumstances.

7 Bidder Protection

7.1 What deal conditions are permitted and is their invocation restricted?

The deal terms cannot provide the bidder with the discretionary power to determine unilaterally whether conditions to completion of the bid have been fulfilled. The AFM will take this rule into account when reviewing the draft offer memorandum. Typical conditions are the acquisition of a minimum percentage of outstanding shares, the receipt of regulatory clearances, the completion of labour and employee consultation procedures, and the absence of a material adverse effect or a competing bid.

7.2 What control does the bidder have over the target during the process?

The bidder's control over the target will depend on arrangements made with the target. In a friendly bid situation, where the parties have entered into a merger protocol, the bidder will typically be entitled to access the target's personnel, books and records. Also, certain material corporate or business decisions with respect to the target may be subject to the bidder's prior consent. Such consent/veto rights may be restricted by antitrust law, prohibiting a bidder from exercising a decisive influence over the commercial or strategic policies of the target prior to completion of the bid (and antitrust law proceedings), also referred to as "gun jumping".

7.3 When does control pass to the bidder?

Once the bid is declared unconditional, control passes in accordance with the applicable settlement procedure, which must be laid down in the offer memorandum.

7.4 How can the bidder get 100% control?

If the bidder has acquired 95% or more of the issued capital in the target, it may force minority shareholders to be bought out at a "fair price" by means of statutory buy-out proceedings. The "fair price" must be in cash and may not necessarily be (but usually is) equal to the value of the bid consideration. There is no specific legal framework in place for situations where a bidder owns less than 95%. Case law indicates that a statutory merger or a liquidation of the target (accompanied by a transfer of assets to the bidder and a distribution of proceeds to shareholders) may be permitted if it was contemplated in the offer memorandum. However, the merger or liquidation may not disproportionately or unnecessarily disadvantage minority shareholders or be solely aimed at squeezing them out. Such transfer of assets to the bidder followed by a liquidation of the target recently survived court scrutiny in a ruling of 14 December 2022, strengthening the use case of this structure. The bid by CSC for Intertrust introduced the opportunity for CSC to acquire all assets and liabilities of Intertrust prior to initiating the statutory buy-out proceedings to obtain 100% control of Intertrust's business, promptly following the completion of the bid, without the need to await the completion of such court proceedings. Such sale of the target's assets and liabilities preceding statutory buy-out proceedings has gained popularity in recent bids.

8 Target Defences

8.1 What can the target do to resist change of control?

The target's defences against an unsolicited bid must be proportional, adequate, of a temporary nature, and serve to facilitate discussions between the target board and the bidder, while maintaining the *status quo*.

A typical defence would be the creation of a separate class of preference shares that can be called at nominal value, under a pre-existing option agreement with the target, by an independently managed foundation, whose sole purpose is to safeguard the target's continuity (e.g. Teva's proposed USD 40 billion bid for Mylan triggered the Mylan Foundation to exercise its call option to acquire Mylan preference shares in July 2015, resulting in the Mylan Foundation acquiring 50% of the issued capital – and voting rights – in Mylan). Another common takeover defence (that was put in place by ABN AMRO in the context of its IPO on Euronext Amsterdam in November 2015) is the (pre-IPO) transfer of (typically) all ordinary shares in the capital of the company to an independently managed foundation in exchange (on a one-to-one basis) for depositary receipts. The depositary receipts (representing the ordinary shares) will then be offered to the public and admitted to trading. The holders of the depositary receipts are, in principle, granted a power of attorney by the foundation's board to vote on the underlying shares, which power of attorney is typically only withheld or revoked in the event of, for example, a hostile bid. Moreover, the target board of publicly traded Dutch companies may impose a cooling-off period of up to 250 days in the event such company is confronted with either an unsolicited public bid or a shareholder request to make changes to the board composition (i.e. appointment, dismissal or suspension of directors) or to the provisions in the company's articles of association relating to board composition. During this cooling-off period, if imposed by the target board, the rights of all shareholders would be suspended to the extent they relate to changes to board composition (or to related provisions in the articles of association), unless such changes are proposed by the company (i.e. the board) itself. The intention of the legislator is to create a period for the board to duly assess and weigh the interests of the target company and all of its stakeholders, and, in particular, to assess the possible consequences of actions demanded by shareholders (whether or not in the context of a bid) and to prepare an appropriate response to such actions.

Pending the bid process, defences can be reviewed and, where appropriate, neutralised by the Enterprise Chamber upon the request of one or more shareholders who hold a sufficient number of shares to have standing. However, the issuance of a significant block of shares or the disposal of material assets may not necessarily be prohibited, even when *de facto* frustrating a potential bid, if the target board could reasonably believe, in exercising its business judgment on a fully informed basis, that doing so would be in the best interests of the target (e.g. ABN AMRO's sale of LaSalle; see question 6.3). In that respect, the target board's duties extend not only to shareholders but to all stakeholders, including the target's employees, customers and suppliers.

8.2 Is it a fair fight?

A target board has (within, of course, the limits of the law) substantial leeway to take action against unsolicited bidders as it deems appropriate, provided that such action is within the target's corporate interest, which under Dutch law includes not only the interests of its shareholders but also of other stakeholders, such as its employees and creditors. Dutch law, and the articles of association of most publicly traded companies, allow for substantial measures to at least delay takeovers. Having said that, properly presented, fully valued bids that address broad stakeholder interests will typically be successful. In some instances, bidders may need to be persistent while being sensitive to Dutch business culture.

9 Other Useful Facts

9.1 What are the major influences on the success of an acquisition?

Major influences include: the value of the consideration; the availability of committed financing; the support of the target board and major shareholders; and constructive relations with governments and regulatory authorities, as well as employee and labour representatives.

9.2 What happens if it fails?

If an announced bid is ultimately not pursued, the bidder is prohibited from making another bid for the next six (or nine) months (unless an unaffiliated third party makes a bid; see question 3.4).

9.3 Is the use of special committees common and when are they relevant?

Although not mandatory, the use of special committees by the target company is common in the context of Dutch public bids. In the pre-signing phase of a public bid, the involvement of the non-executive (or supervisory) directors intensifies, leading to more frequent meetings. Among other things, to facilitate swift and proper information exchange and board decision-making, and to address potential risks of conflicts of interest within the target board(s), target companies often set up a special committee. These committees generally comprise at least two non-executive directors and (in particular, depending on potential conflicts of interest) may include one or more executive (or managing) directors. In addition, albeit less common, selected members of senior management and advisors may be requested to join the committee.

The primary role of special committees, often also referred to as steering or transaction committees, is to supervise and provide solicited and unsolicited advice to executive directors (e.g. on financial and non-financial bid terms and strategic alternatives, and to safeguard due process and the interests of all stakeholders), and to facilitate accelerated and effective board decision-making (noting that the ultimate decision-making authority remains with the target board(s)). Also, these committees may be, and often are, closely involved in discussions and negotiations with potential bidders. Having a special committee in place may also facilitate prompt publication of inside information by the target in the event of leaks.

10 Updates

10.1 Please provide a summary of any relevant new law or practices in M&A in your jurisdiction.

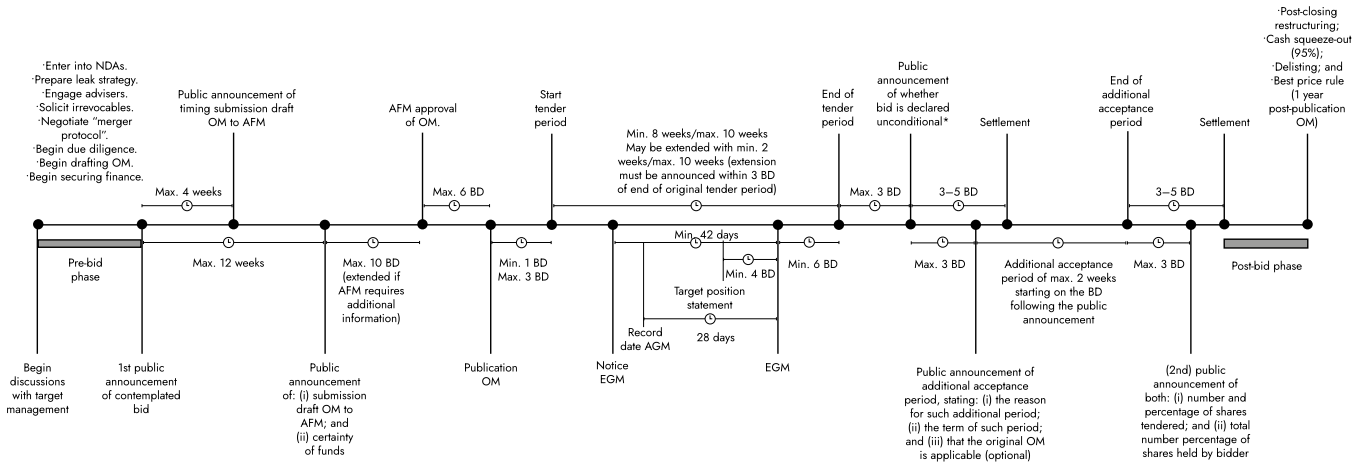
Effective from 1 January 2025, the threshold for bringing proceedings concerning a listed company before the Enterprise

Chamber has been somewhat lowered. Until 31 December 2024, shareholders and depository receipt holders who, alone or jointly, held 10% of the share capital in listed companies with an issued capital of up to EUR 22.5 million were entitled to bring such proceedings. For listed companies with an issued capital above EUR 22.5 million, a threshold of 1% or a market value of at least EUR 20 million applied. As of 1 January 2025, shareholders and depository receipt holders of all listed companies who, alone or jointly, hold at least 1% of the issued share capital or a market value of at least EUR 20 million will have the right to initiate such proceedings. This change is particularly significant for listed companies with a low issued capital, as it lowers the barrier for initiating proceedings.

Other than this new threshold for bringing proceedings, there were no significant developments in the Netherlands relevant to public bids to date. In general, the activity in the Dutch public M&A market in 2024 has been mostly limited to smaller publicly traded companies. The outlook for 2025 is optimistic, driven by factors such as lower and more stable interest rates, the interest of large American private equity firms with abundant capital available, and a strategic shift among corporates.

The EU Mobility Directive, implemented in the Netherlands on 1 September 2023, may offer benefits for bidders contemplating a share-for-share offer in 2025 (and beyond). Legal mergers under the directive treat merging entities as equals, rather than requiring a target and an acquirer, and require only a two-thirds majority for shareholder approval, compared to the typical 80%–95% for public offers. From a Dutch corporate law perspective, this lower threshold facilitates smoother approvals and may accelerate transaction timelines, as legal mergers can be finalised immediately after the extraordinary general meeting vote, reducing market risk exposure. Additionally, a merger under the directive simplifies the process by eliminating buy-out proceedings and other post-closing-steps (including the post-closing restructuring measures to acquire 100% by the bidder, as further described in question 7.4).

Appendix 1 – Indicative timeline friendly bid



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