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New Deal Rules Don't Shake the Industry, Bringing Little Change in the Number of Hostile Bids

The *Financial Post* recently published an [article](#) outlining findings in a report by Davies affiliated scholar [Poonam Puri](#) and Kingsdale's Hooman Tabesh about the effect of the CSA's takeover bid rules enacted in May 2016.

Poonam and Hooman analyzed the number of deals that became hostile in the year since the new regime was introduced. They concluded the following:

- The new rules had little impact in preventing bids turning hostile. In 12 months, the number of bids that turned hostile were the same as in 2014 and increased by one over 2015.
- Companies have aimed to avoid ending up before a securities regulator arguing for or against a poison pill, but rather to work out a transaction ahead of time.
- It pays to own some stock of the target ahead of time.
- Cash is king. In all but one of the successful hostile transactions, the target's shareholders were offered cash.