

Yes, I'cahn: Shareholder Activists at the Gates

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Are shareholder activists common in your jurisdiction?



What makes a company “tasty” to activist shareholders?

- company has substantial cash assets
- shareholder believes a restructuring could increase the value of the company
- senior management is seen to be poor or has made mistakes
- shareholder is strategic investor and wants a consolidation play
- shareholder wants to increase ownership and easier to do if share price is lower
- company has settled with activist shareholders in the past
- company is the target of a takeover bid

How can your clients prepare for activist shareholders?

- align corporate governance policies with established norms
- engage with activist shareholder directly to mitigate their concerns
- engage with other key shareholders to see if they have the same concerns
- implement a public relations strategy
- adopt a shareholder rights plan
- instruct investor relations staff to keep track of share ownership to identify potential activists early
- maintain pro-active communications with key shareholders
- make regular public disclosure on key development and proposed direction of the company

If you are advising a shareholder activist, what tactics do you recommend?

- undertaking an analysis of a company's defense strategies
- approaching the management and board of the company to raise your concerns and to demand change
- publicly announcing opposition to proposed company actions
- making views known at scheduled shareholder meeting
- forcing company to call shareholder meeting
- reaching out to other shareholders directly
- reaching out to all shareholders by proposing alternative shareholder resolutions (via a shareholder circular)
- launching an enquiry proceeding

How is the corporate governance landscape in your jurisdiction changing to deal with activist shareholders?



How do you develop your law firm's ability to address your clients' concerns about activist shareholders?

- development of cross-department groups
- client presentations and publications
- development of contacts with public relations firms or proxy advisory groups
- development of international networks
- firms must consider conflicts

Thank you