Global Public M&A Guide - Philippines

Squeeze-out of Minority Shareholders after Completion of the Takeover

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# 7. Squeeze-out of Minority Shareholders after Completion of the Takeover

[Last updated: 1 January 2025, unless otherwise noted]

**7.1 Squeeze-out**

There are no regulations under Philippine law allowing bidders to squeeze out minority shareholders such that the shareholders will be compelled to sell their shares to the bidder following a takeover. The same, however, may be provided for in the Articles of Incorporation of the target company.

**7.2 Sell-out**

There are likewise no regulations under Philippine law allowing minority shareholders to sell-out their shares to a bidder following a takeover. In lieu of a sell-out, the Delisting Rules permit a bidder or selling shareholders seeking to delist the target company to show the PSE that following the acquisition of the tendered shares, such person or persons have obtained a total of at least 95% of the issued and outstanding listed securities of the applicant company.

In addition to the foregoing, a reverse stock split is also commonly implemented whereby a company will increase the par value of its shares resulting in a "fractionalization" of the shares held by the shareholders under the previous par value, that is, the reduction of a shareholders' shareholding into less than one share in the company.

**7.3 Restrictions to acquire securities after the takeover bid period**

There are no regulations under Philippine law restricting a bidder from acquiring securities after a takeover bid period.

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