

June 18, 2020

Aaron Atkinson Discusses the Future of Hostile Bids with *The Globe and Mail*

Following the recent publication of Davies' report, *The Hostile Bid Is Dead. Long Live the Hostile Bid?*, *The Globe and Mail* featured partner and author [Aaron Atkinson](#) for his insights on what lies ahead for Canadian public M&A activity in the post-pandemic world.

The Davies report indicates that hostile bids have been in decline for several years, but may experience a resurgence as the impact of COVID-19 shifts the balance of power between prospective buyers and the boards of target companies.

In the [article](#) (available to subscribers), Aaron explains that, while changes to Canada's takeover regime in 2016 sought to tilt the scales in favour of boards looking to defend against takeovers, "the COVID era has essentially stripped that away, or rebalanced the tables once again."

Aaron notes that a target board may have some leverage under these rules, but may be disinclined to use it because of other pressures it is now facing: "a restive shareholder base that would like any liquidity at all costs, creditors who may be wanting a stronger balance sheet, even employees who may prefer to work for a larger company," he said.

"On the flip side, the buyer, now knowing that the target has weaker defences, may take the plunge and go after some of these companies."

The Davies report suggests that "expectations of significant consolidation activity should be tempered" by the longer-term downward trend in Canadian public M&A, which has been further exacerbated by COVID-19. However, when deal-making picks up again, a resurgence in hostile bids may emerge as "shareholders in weakened companies might be more receptive to any liquidity event over insolvency."