

M&A BY DESIGN: TIMING AND COMPLEXITY OF CROSS-BORDER ACQUISITIONS

Baker McKenzie is pleased to present M&A by Design: Timing and Complexity of Cross-Border Acquisitions. This map ranks the complexity and challenges of M&A transactions in 49 jurisdictions based on a variety of factors. It is designed to assist clients — US outbound buyers in particular — considering multijurisdictional M&A transactions. We developed this map by drawing upon the experience and expertise of Baker McKenzie's elite global M&A practice. It reflects our actual experience leading thousands of cross-border and other complex international transactions.



Overall assessment of speed and ease of closing



Fully globalized M&A culture vs local law dominant M&A culture



Foreign investment restrictions and exchange controls



Merger controls



Employment related notifications, approval and consulting requirements, pension and benefits



Permits and licensing

Most Complex Markets Face Merger Control Issues

Merger control issues are a significant hurdle that US buyers face in the four jurisdictions that Baker McKenzie lawyers rank as the most complex. Ukraine, Indonesia, China and Russia were placed in Band 5 with Russia being the most complex of the 49 jurisdictions ranked. We are seeing transactions being managed more actively to mitigate these issues. Parties may take actions including:

Using deal protection mechanisms like break fees, reverse break fees and indemnities to allocate the financial risk that a transaction may not proceed

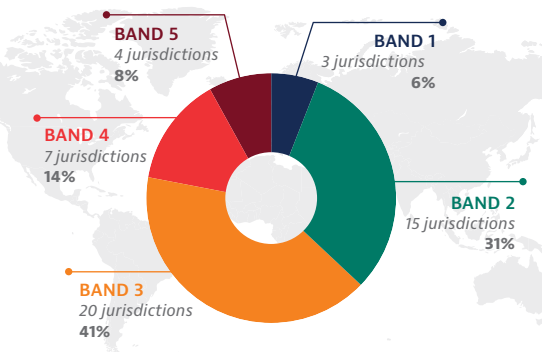
Undertaking pre-closing divestitures or pre-emptive remedies

Implementing appropriate guidelines to prevent "gun jumping" and exercising de facto operational control prior to closing

Local Law Culture Hinders M&A

41% of the jurisdictions surveyed received a middle-of-the-road ranking in Band 3. Interestingly, more than half of the Band 3 jurisdictions garnered poor rankings in the area of M&A culture. We would expect parties to face challenges and delays in jurisdictions with a heavy local law component so special care should be paid to forms of documentation and execution mechanics, as well as the potential for diligence and other local concerns to impact the pace and success of deals.

KEY FINDINGS



1=Least Complex, 5=Most Complex

Employment, HR and Talent Issues Weigh Heaviest on M&A Timing and Complexity

Employment, HR and talent issues present challenges in nearly all jurisdictions ranked in the survey. These issues can get complicated in cross-border transactions due to differences in local jurisdiction requirements or customs and practices and the depth of these challenges will also be compounded by the geographic scope of the deal. Each of the European Union countries covered by our survey ranked poorest in employment, HR and talent issues versus other factors. While these issues may be material in any jurisdiction, they are still manageable through a combination of careful diligence and significant advance planning.

Cross-Border Dealmaking Easy on US Investors: Australia, Canada and the UK

The Band 1 jurisdictions (Australia, the United Kingdom and Canada) are those where a US outbound M&A transaction is likely to close more quickly and efficiently, and where procedures and protocols tend to be similar to a US domestic transaction and familiar to a US M&A practitioner. While the full impact of Brexit on M&A activity in the United Kingdom remains to be seen, in the short to medium term, Brexit is unlikely to have a material impact on the legal aspects of M&A transactions. Please visit our Brexit blog (brexit.bakermckenzie.com) for additional information and current analysis of Brexit and its legal implications.

EXPERIENCE MATTERS



Overall assessment of speed and ease of closing



Fully globalized M&A culture vs local law dominant M&A culture



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Permits and licensing

LEVEL OF COMPLEXITY



1=Least Complex, 5=Most Complex

— COUNTRY RANKINGS AND SCORES —

AUSTRALIA	01						GERMANY	18						PHILIPPINES	34					
UNITED KINGDOM	02						BAHRAIN	19						POLAND	35					
CANADA	03						PERU	20						FRANCE	36					
SINGAPORE	04						SPAIN	21						TURKEY	37					
IRELAND	05						COLOMBIA	22						THAILAND	38					
NEW ZEALAND	06						SOUTH KOREA	23						UNITED ARAB EMIRATES	39					
HONG KONG	07						AUSTRIA	24						BRAZIL	40					
DENMARK	08						CHILE	25						EGYPT	41					
FINLAND	09						JAPAN	26						ARGENTINA	42					
SWEDEN	10						HUNGARY	27						SAUDI ARABIA	43					
NORWAY	11						ITALY	28						INDIA	44					
SWITZERLAND	12						TAIWAN	29						VIETNAM	45					
LUXEMBOURG	13						MALAYSIA	30						UKRAINE	46					
BELGIUM	14						MEXICO	31						INDONESIA	47					
ISRAEL	15						CZECH REPUBLIC	32						CHINA	48					
THE NETHERLANDS	16						SOUTH AFRICA	33						RUSSIA	49					
QATAR	17																			

We are the leading cross-border M&A firm, and over the last 10 years have completed more cross-border transactions than any other law firm. With nearly 1,300 M&A lawyers in 77 offices globally, we have one of the largest and most active integrated M&A practices in the world.

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