Sweden

Takeover Guide

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THE REGULATION OF TAKEOVERS

What regulates takeovers?
The three main sources of Swedish takeover regulation are:

- the Swedish Takeover Act (the Takeover Act);
- the takeover rules adopted by the two Swedish stock exchanges NASDAQ Stockholm AB and NGM Nordic Growth Market AB (the Takeover Rules); and
- statements and rulings by the Swedish Securities Council (the Securities Council).

NASDAQ Stockholm AB and, as the case may be, NGM Nordic Growth Market AB, are referred to as the 'Swedish Stock Exchanges' elsewhere in this guide.

The Takeover Act
The Takeover Act contains a statutory requirement for offerors contemplating an offer for a company listed on either of the Swedish Stock Exchanges to undertake to the relevant stock exchange to comply with the Takeover Rules. By making this undertaking, the offeror agrees to comply not only with the Takeover Rules but also the Securities Council's statements and rulings on points of interpretation of the Takeover Rules, as well as to submit to the sanctions that may be imposed by the relevant stock exchange.

The Takeover Act also sets out rules concerning mandatory offers, as well as rules on, among other things:

- frustrating actions;
- concert parties;
- the provision of information to trade unions and employees;
- the supervision of takeover offers; and
- sanctions.

The Takeover Rules
Most of the substantive rules on takeovers are set out in the Takeover Rules. The Swedish Stock Exchanges have adopted revised Takeover Rules that took effect in January 2021. One of the key objectives of the Takeover Rules is to ensure fair and equal treatment of the shareholders of the target company. The Takeover Rules are based on six general principles that are taken from the European Union Takeover Directive. These general principles offer guidance on how to interpret the Takeover Rules.

Statements and rulings by the Swedish Securities Council
The Securities Council is a private body, made up of representatives of various organisations, based on the United Kingdom Takeover Panel. The Securities Council oversees compliance with good practice on the Swedish securities market. Under the Takeover Rules, the Securities Council is empowered to issue statements and rulings on points of interpretation of the Takeover Rules, as well as to grant dispensations from them. In addition, the Swedish Financial Supervisory Authority (SFSA) has empowered the Securities Council to, among other things, grant waivers from the requirement to make a mandatory offer, as well as to issue statements and rulings on points of interpretation of the mandatory offer rules, as well as the rules on frustrating actions in the Takeover Act. Furthermore, the body of past statements and rulings by the Securities Council offer guidance on the interpretation of the Takeover Rules and Takeover Act.

Who regulates takeovers?

The SFSA
The SFSA is a governmental agency responsible for monitoring the financial markets, investment firms, credit institutions and insurance companies. The SFSA supervises public offers and enforces compliance with the Takeover Act. It is also the competent authority for the purposes of the Swedish prospectus regime and is responsible for vetting, approving and registering offer documents, prospectuses and 'exempted documents'.

The Swedish Stock Exchanges
The Takeover Rules (adopted by the Swedish Stock Exchanges) are binding on all takeover targets listed on the Swedish Stock Exchanges. In addition, under the Takeover Act, offerors for companies listed on a Swedish exchange are required to undertake to the relevant Swedish exchange to comply with the Takeover Rules, and the Securities Council's statements and rulings. Each of the Swedish Stock Exchanges has used its statutory powers to delegate certain of its regulatory functions to the Securities Council.

The Swedish Securities Market Self-Regulation Committee
The Swedish Securities Market Self-Regulation Committee is a self-regulatory body that is responsible for, among other things, overseeing proposals and consultations on amendments to the Takeover Rules.

The Securities Council
As mentioned above, the Securities Council is a private body, made up of representatives of various organisations, based on the UK Takeover Panel. The Securities Council promotes good practice in the Swedish securities market by, among other things, issuing statements and rulings in individual cases, either on its own initiative or at the request of a shareholder or an issuer.

Since the EU Takeover Directive, certain powers of the Securities Council have been given statutory force, as the Swedish Stock Exchanges and SFSA have used their statutory powers to designate the Securities Council to give rulings on points of interpretation of, as well as to grant, dispensations from certain requirements in the Takeover Rules and Takeover Act. An offeror, target or shareholder in the target may approach the Securities Council for rulings on these matters.

To whom do the rules apply?
When determining whether the Takeover Act and Takeover Rules apply, generally, the nature of the target or potential target and not the nature of the offeror is relevant. The value of the offer and the number of shareholders in the target company are also irrelevant.

Swedish takeover regulation will govern all aspects of an offeror if the target has its registered office in Sweden and is admitted to trading on a regulated market in Sweden.

The Takeover Rules also apply where the target company is listed in Sweden but not in its home jurisdiction, even if the target company is domiciled outside the European Economic Area (EEA). The Takeover Rules do not apply where the target company is domiciled in Sweden but listed elsewhere, including outside the EEA. However, the rules on mandatory bid obligations, frustrating actions and employees in the Takeover Act apply where the target company is domiciled in Sweden, irrespective of where the target company is listed (within the EEA or elsewhere).

There are also detailed rules relating to shared jurisdiction with the relevant supervisory authority of another Member State, which apply where:

- a company has its registered office in Sweden but its securities are admitted to trading on a regulated market in one or more other Member States, or
- where a company has its registered office in another Member State but its securities are admitted to trading on a regulated market in Sweden.

The exact application of those rules should always be checked in each individual circumstance. In general, procedural matters will be dealt with in accordance with the takeover regulation of the Member State where the target is listed, while issues more directly relevant to the target's constitution (eg, mandatory bid obligations, employees and squeeze-outs – also mentioned above) will be dealt with in accordance with the regulation of the Member State where the target has its registered office.

What happens if you break the rules?
Under the Takeover Act, an offeror for companies listed on a Swedish exchange has a duty to the relevant Swedish exchange to undertake to comply with the Takeover Rules and to submit to the sanctions that may be imposed by the relevant Swedish exchange. Non-compliance with the Takeover Rules, including the relevant statements and rulings of the Securities Council, may result in fines of up to SEK 500m.

The SFSA's powers, as the competent authority under the Takeover Act, include the prohibition of public offers and the suspension of voting rights attached to target shares held by an offeror. If the SFSA prohibits a public offer because the offeror has failed to give its undertaking to the relevant Swedish Exchange, the offeror's failure could also result in the imposition of fines of up to SEK 100m and the non-approval of the offer document.

Furthermore, under the Takeover Rules, the announcement of an offer must state that the offer is subject to the Takeover Rules (including statements and rulings by the Securities Council on points of interpretation). Non-compliance with these matters may then expose the offeror to direct liability for damages to the target shareholders.

Non-compliance with the Takeover Rules and any other action that does not comply with good practice in the Swedish securities market may also be criticised by the Securities Council. Criticism by the Securities Council often attracts attention in the media and may result in considerable bad publicity.

TYPES OF OFFER

A bid may be either voluntary or mandatory. A mandatory bid is required where a person who (alone or together with any concert party) acquires shares carrying 30 per cent or more of the voting rights in the target company.

A bid may also be either hostile or recommended by the board of the target company. A voluntary offer, which is recommended by the target board, with no competing offer, is the most straightforward type of bid.

A bid may also be either for 100 per cent of a target's share capital or for a specified percentage. However, this second type of 'partial offer' is very unusual in Sweden and, generally, is only permitted if, as a result of the partial offer, the offeror cannot, alone or together with a concert party, become the owner of 30 per cent or more of the voting rights in the target.

In structural terms, a takeover can be carried out either by the offeror making an offer to acquire the shares held by the target company's shareholders (a public offer) or by a merger under the Companies Act.

In the case of a public offer, the target shareholders are asked to accept the offer being made to them by the offeror. In a statutory merger, the target shareholders, and almost invariably the offeror shareholders, are asked to vote on a merger plan prepared by the board of directors of the offeror and the target.

Under the Companies Act, the merger consideration may consist of shares or a combination of shares and cash. There is also a statutory limit requiring more than 50 per cent of the total value of the merger consideration to consist of shares. The Companies Act also requires the shares held by an offeror in the target to be disenfranchised in the vote on a statutory merger. The approval of all shareholders present at the relevant shareholder meeting representing at least 90 per cent of the target's shares is required if the merger would result in the target shareholders giving up listed target shares for unlisted offeror shares.

The statutory merger rules allow cross-border mergers between companies registered in different EEA Member States.

Statutory mergers are governed by the Takeover Rules, except that certain rules are generally disapplied on the basis that they are not relevant in the context of a statutory merger.

MANDATORY OFFERS

Threshold
The Takeover Act requires a person who (alone or together with any concert party) acquires shares carrying 30 per cent or more of the voting rights in the target company to make a public offer for the remaining shares in the target company.

If the mandatory bid requirement is triggered, but the shareholding is reduced below 30 per cent within four weeks, the requirement ceases to apply.

Grounds for dispensation
The Securities Council may waive the requirement to make a mandatory bid, for instance where:

- the holding arises as a result of the company issuing new shares as consideration for the acquisition of a company or business;
- the holding arises as a result of the relevant shareholder exercising their pre-emptive rights in a rights issue; or
- the holding arises as a result of an underwriting commitment in a rights issue.

The Securities Council may attach conditions to its waiver of the mandatory bid requirement, including a requirement for shareholder approval (by a qualified majority) of the transaction that causes the obligation to arise, as well as the disenfranchisement of voting rights for the purposes of this shareholder approval.

Concert parties
For the purposes of the Takeover Act, the following categories of persons are regarded as ‘concert parties’:

1. a company within the same corporate group as the offeror;
2. the offeror’s spouse or cohabitant;
3. a minor of whom the offeror has custody;
4. any party with whom the offeror has agreed to adopt, by the concerted exercise of the voting rights they hold, a lasting common policy to obtain a controlling influence over the management of the target (in practice, this rule often catches parties to shareholders’ agreements that enable the parties to control the composition of the board of directors); or
5. any party cooperating with the offeror with a view to obtaining control over the target.

These categories of persons are also regarded as concert parties for the purposes of the Takeover Rules except that, under the Takeover Rules, category 5 above instead catches any party cooperating with the offeror with a view to facilitating the implementation of the offer.

An indirect acquisition may also trigger a mandatory bid under the Takeover Act.

OFFER TERMS

Pricing rules
In general, an offeror making a voluntary bid is free to offer whatever price it wishes.

Under the Takeover Rules the offer price must not be less than the highest price paid by the offeror for shares in the target within six months prior to the announcement of the offer or during the course of an offer.

Where a company has more than one class of shares, as a main rule, the same form of consideration must be offered in respect of all classes of shares. If the target has issued different classes of shares that carry different voting rights, but have equal rights in other respects, the offeror is generally not permitted to offer a higher price for the shares with multiple voting rights. However, where all classes of shares are listed, the Securities Council may, in certain limited circumstances, grant a dispensation that enables the offeror to offer a higher price for the shares with multiple voting rights, so long as

such a higher price is reflected in the quoted price of the shares and the offeror offers an equal percentage premium at the quoted price.

Consideration
The offeror must generally offer all holders of shares of the same class identical consideration per share. However, in special circumstances certain shareholders may be offered consideration in another form, but with the same value. For example, where the target company has a very large number of shareholders, there may be practical reasons for offering cash for small blocks of shares, despite other shareholders being offered consideration in some other form.

Stake-building may affect both the value and form of the offer consideration. An offer may not be made on less favourable terms than the highest price paid by the offeror for target shares during six months before the announcement of the offer or during the course of the offer. These requirements may require the offeror to increase the offer. If the offeror acquires more than 10 per cent of the target shares for cash within six months of the offer announcement or during the course of the offer, the offeror must make a cash alternative available at not less than the highest price paid. Similarly, if the offeror has acquired more than 10 per cent of the target shares in exchange for securities in the six months preceding the offer or during the course of the offer, a securities exchange offer will be required.

As a result of the rule changes that took effect in November 2017, in such a case, the securities alternative must be offered on the basis of the same number of securities per target share rather than on the same value basis.

Furthermore, where a securities offer is required as a result of pre-offer acquisitions of target shares in exchange for securities, the offeror is required to provide a cash alternative on the basis of the same value, unless the vendor is required (under a lock-up undertaking or similar) to hold the securities received until either the offer has been terminated or the offer consideration has been paid to accepting shareholders.

Finally, if the offeror acquires target shares carrying 30 per cent or more of the voting rights, the offeror must make a mandatory offer.

Conditions
A voluntary takeover offer is usually made subject to the satisfaction of a number of conditions, which must be objective – it must be possible to determine objectively whether or not a condition has been satisfied – and must not, except where a condition relates to regulatory approvals (eg, antitrust clearances), give the offeror a decisive influence over their fulfilment.

However, the offeror is generally permitted to withdraw the offer only where the non-satisfaction of a condition is of material importance to its acquisition of the target. This materiality requirement does not apply to acceptance-level conditions.

Mandatory bids cannot be made subject to conditions, other than a condition relating to regulatory approvals.

Under the Companies Act, the squeeze-out right is triggered where the offeror owns more than 90 per cent of the shares in the target, regardless of whether the offeror also holds more than 90 per cent of the voting rights in the target. As a result, it is common practice to make voluntary offers conditional on the offeror becoming the owner of more than 90 per cent of the target shares.

The exact conditions attached to a voluntary bid vary depending on the circumstances in each case, but there is a set of conditions that usually form the basis for most offers. These include:

- acceptance of the offer amounting to more than a certain percentage of the shares in the target company being received by the offeror;
- all necessary approvals and clearances having been obtained on terms acceptable to the offeror;

- the offer not being rendered partially or wholly impossible, or significantly impeded as a result of legislation, regulation, any decision of court or public authority, or other measures beyond the offeror's control;
- no information regarding the target company that has been announced by the target company being materially inaccurate or misleading, and no information that should have been announced by the target having been omitted from public disclosure;
- the target company not taking any frustrating actions;
- the absence of any higher competing offer; and
- a material adverse change condition.

Offer financing
The Takeover Rules provide that a public offer must only be made if the offeror has made the preparations necessary to implement the offer and, in particular, only after ensuring that the offeror can meet any cash consideration in full.

An offer may be made subject to a financing condition. However, the offeror may only rely on such a condition where the financing bank fails to provide debt financing in breach of the relevant loan agreement, and not where financing is withheld due to a condition in debt financing. As a result, any debt financing on which the offeror is relying must, in practice, be agreed on a 'certain funds' basis so that it does not include any conditions that are not effectively within the offeror's control.

Irrevocable undertakings, break fees and other contractual arrangements
To increase its chances of success, an offeror may seek acceptance undertakings from key target shareholders before making the offer. Acceptance undertakings usually cease to apply in the event of a higher competing offer or a competing offer that is a certain percentage higher than the original offer. Acceptance undertakings usually also contain a 'long-stop date' and/or a requirement that the offer must be announced and/or declared unconditional before a certain date. Sometimes, the undertakings contain a 'matching right'. Acceptance undertakings do not usually contain many other provisions. In particular, they do not usually include representations and warranties concerning the target.

The target is prohibited from entering into offer-related arrangements without dispensation from the Securities Council. Such arrangements include any arrangement between the offeror and the target that imposes an obligation on the target. Typical examples of prohibited arrangements would include no-shop provisions, break fees and matching rights. However, commitments to maintain confidentiality and commitments not to solicit the offeror's employees, customers or suppliers are not captured by this prohibition. Possible grounds for the waiver of the prohibition include combination agreements that impose reciprocal obligations on the parties; arrangements with a competing offeror where the target is subject to an unrecommended offer; and arrangements with an offeror whose offer the target decides to recommend following a sale process initiated by the target.

DISCLOSURE REQUIREMENTS

Dealing with leaks
Under the EU Market Abuse Regulation, which is directly applicable in Sweden and which, among other things, provides for an obligation for listed companies to disclose inside (price-sensitive) information, a company may delay the disclosure of inside information in certain circumstances. Delayed disclosure is permitted where:

- immediate disclosure is likely to harm the company's legitimate interests;
- the delay is not likely to mislead the public; and
- the company can ensure the confidentiality of the information.

This regime does not require a listed company to comment on rumours about a bid. However, detailed rumours about a bid that are largely accurate, as well as untoward price movements, may be an indication that the relevant company is unable to ensure confidentiality and may therefore require an announcement.

The Takeover Rules do not generally permit announcements to be made about a mere intention to make an offer. However, the offeror may make a possible offer announcement if the offeror suspects that information about the potential offer has been, or may be, leaked to the market. Such a possible offer announcement should clearly state that it is not a formal announcement of the offer under the Takeover Rules and should state the reason why the announcement is being made, as well as indicating when a formal announcement of the offer is expected.

Under the listing rules of the Swedish Stock Exchanges, a target company is required to inform the relevant stock exchange about a potential bid once the target has been informed, if the bid can reasonably be expected to be made. A Swedish-listed offeror is also required to inform the relevant stock exchange about a potential bid, if the offeror has made preparations that can reasonably be expected to result in an offer. The exact timing of this will need to be determined case by case. This will enable the stock exchange to monitor price movements in the target company shares, require an announcement and suspend trading in the shares if the bid is leaked, thereby resulting in untoward movements in the share price. If the relevant stock exchange requires disclosure or suspends trading in the shares, the target would normally be required to react to the leak, and so would the offeror if it is listed on a stock exchange. In practice, the offeror and target often prepare draft announcements (either a formal announcement of the offer, or a possible offer or pre-offer announcement referred to above) to enable them to react quickly to a leak.

Shareholding disclosure requirements
The Swedish regime on shareholding disclosure implements the EU Transparency Obligations Directive (as amended). The regime requires the purchase and sale of shares to be notified to the SFSA, as well as to the target within three trading days where any of the following thresholds is reached, exceeded or fallen below: every five per cent up to and including 30 per cent; 50 per cent; 66⅔ per cent; and 90 per cent of the total number of shares or voting rights (including any shares held in treasury). The SFSA will make the relevant information public by no later than noon on the next trading day following receipt by the SFSA of the notification.

These disclosure rules do not only apply to shares. They also apply to financial instruments that entitle the holder to acquire shares that have been issued, as well as long cash-settled derivatives (holdings through cash-settled derivatives are calculated on a delta-adjusted basis). However, warrants and convertible debt instruments that entitle the holder to subscribe for newly issued shares are not caught by the shareholding disclosure rules. Under the Takeover Rules, the offer announcement must set out the number and percentage of target shares and voting rights held or controlled by the offeror. In addition, the offeror’s holdings of long cash-settled derivatives must be disclosed in the offer announcement.

Timing for filing offer documents and regulatory clearance
The SFSA is the competent authority responsible for vetting, approving and registering offer documents, prospectuses and equivalent documents. Under the Takeover Act and Takeover Rules, the offeror must prepare and submit the offer document to the SFSA for approval within four weeks of the announcement of the offer. The review period is ten business days. The review period is 20 business days where the offeror offers securities as consideration, issued by an issuer that has not previously offered such securities to the public or had them listed on a regulated market.

ACCEPTANCE PERIOD

Under the Takeover Rules, the initial acceptance period must be at least three weeks but not more than ten weeks. If the offer is a management buyout (MBO), the minimum acceptance period is four weeks. An offeror generally reserves the right to extend the acceptance period where the satisfaction of a condition remains outstanding. The acceptance period may be extended beyond the ten-week period but may not extend beyond three months, except where the receipt of necessary regulatory approvals are still pending – in which case, the acceptance period may be extended up to nine months (subject to any waiver granted by the Securities Council).

KEY DATES

Set out below is an indicative timetable for a cash offer. Most of the dates may be varied, depending on the circumstances in each case.

Day	Action
Before the announcement day	The stock exchange is confidentially informed about the potential offer; relevant competition authorities may also be confidentially informed about it (if applicable). The offeror undertakes to the stock exchange to comply with the Takeover Rules.
Announcement day	Once the offeror has decided to make the offer, the offeror must immediately announce the offer by means of a press release. The offeror (where relevant) and the target inform their employee representatives and employees. The offeror sends the announcement of the offer to the SFSA, Securities Council, stock exchange and target. Both the offeror and target are required to make the offer documentation available on their websites, including the offer announcement and offer document.
Announcement day + 2 business days	Filings are made with the relevant competition authorities (if applicable).
Announcement day + 0–3 weeks	The offer document is announced and the acceptance period starts: under the Takeover Act and Takeover Rules, the offeror must prepare and submit the offer document to the SFSA for approval within four weeks of the announcement of the offer. The offeror (where relevant) and the target inform their employee representatives and employees in connection with the publication of the offer document. The offer document must be sent to the SFSA, Securities Council, stock exchange and target. Both the offeror and target are required to make the offer documentation available on their websites, including the offer announcement and offer document.
Announcement day + 0–3 weeks	The target board announces its opinion, and informs its employee representatives and employees.
Announcement day + 5–6 weeks	Approvals are obtained from the relevant competition authorities (if applicable).
Announcement day + 5–7 weeks	The acceptance period expires. Under the Takeover Rules, the offer must stay open for at least three weeks or, in the case of an MBO, at least four weeks.
Expiry of the acceptance period + 3 business days	The result of the offer and that the offer is unconditional are announced as soon as possible after the expiry of the acceptance period (in practice, as soon as the acceptances tendered have been counted, typically within three business days).
Expiry of the acceptance period + 6–8 business days	The consideration is paid.

Expiry of the acceptance period + 2 weeks	The squeeze-out procedure is initiated by the offeror sending a letter to the target board requesting that the squeeze-out procedure be settled by arbitration.
Expiry of the acceptance period + 4–6 weeks	The target company is delisted, often on the basis of a timetable agreed with the relevant stock exchange.
Expiry of the acceptance period + 4–6 weeks	A target extraordinary general meeting (EGM) is held for the purpose of appointing new board members.
4–6 months after the initiation of the squeeze-out procedure	The offeror is granted title to the minority shareholdings.
12–18 months after the initiation of the squeeze-out procedure	The squeeze-out procedure is completed, unless the arbitration award is challenged.

TAKEOVER DEFENCES

General duties of the target board
The defensive measures available to the board of the target are restricted by the board's duty to act in the interest of the target and its shareholders. As a result, the board of the target may be in breach of the directors' duties if it takes actions with a view to frustrating a bid.

Under the Takeover Act, once the target board or the managing director of the target has good reason to assume that an offer is about to be made (or an offer has already been made), the target must not take any action that would be liable to frustrate the making or the successful outcome of the offer, unless the action is approved by the general meeting of the target.

The Takeover Act contains a specific exception to this requirement for a target board seeking competing offerors.

The Takeover Act does not contain an exhaustive list of actions that are to be regarded as 'frustrating actions'. The overriding consideration is whether the action would be likely to frustrate the making or completion of the bid. However, frustrating actions will generally include issuing shares on a non-pre-emptive basis, acquiring or disposing of material assets or making an offer for the offeror or another company.

Frustrating actions may also include instructing a subsidiary to take actions that would be liable to frustrate the making or the successful outcome of the offer.

The Securities Council has stated that an action will not qualify as a frustrating action unless it is relatively far-reaching and of material significance. The Securities Council has also stated that it would generally be open to the target board:

- to argue against accepting the offer;
- to seek a 'white knight' and explore other alternatives; and
- to announce financial information and forecasts not previously disclosed.

Issues of shareholder consent
If an action qualifies as a frustrating action, it may only be taken if the shareholders have given their approval at a general meeting. A frustrating action may not be taken by relying on an authorisation given in a general meeting before the offer was in contemplation. It is uncommon to put any actions that count as frustrating actions to a shareholder vote.

Rejecting the offer
Under the Takeover Rules, the target board is required to announce its response statement, including its views on the offer, no later than two weeks before the expiry of the acceptance period. The target board is not required to seek independent financial advice in relation to its response statement, although a valuation opinion from an independent financial adviser is often obtained. However, in management buy-outs and where the target board is not quorate, the target is required to obtain an independent valuation opinion (or fairness opinion).

Breakthrough and reciprocity rules
Sweden has 'opted out' of implementing the 'breakthrough' provisions in the EU Takeover Directive. Therefore there are no restrictions under those provisions on Swedish companies including transfer restrictions, voting and other rights in their articles of association that might have an impact on a takeover.

However, a Swedish company may also voluntarily 'opt in' to the breakthrough provisions by passing a shareholder resolution and including provisions in its articles of association. This requires shareholder approval by a super-qualified majority; the relevant resolution must be supported by all shareholders present at the general meeting, and these shareholders must represent at least nine-tenths of all issued shares.

Sweden has also rejected the 'reciprocity' principle in the Takeover Directive on the basis that the use of this principle would have added too much complexity to the implementing provisions and that it is unlikely that Swedish companies will 'opt in' to the breakthrough provisions in their articles of association in any case. As a result, any such provisions in articles of association would continue to apply even if the offeror is not subject to the same or similar restrictions.

POST-TRANSACTION PROCEDURES

Threshold
The Companies Act allows the offeror to acquire minority shareholdings on a compulsory basis if (alone or together with any of its subsidiaries) it owns more than 90 per cent of the shares in the target, whether or not these shares represent more than 90 per cent of the voting rights in the target.

Where the 90 per cent mark is exceeded, a minority shareholder also has a right to be bought out by the offeror by sending a notice to the offeror.

Legal procedure and timing
The squeeze-out procedure is settled by arbitration under the Swedish Arbitration Act.

The offeror typically requests the transfer of title to the minority shareholdings (referred to as 'advance title'). Advance title is granted by a separate arbitration award, typically within four to six months of the initiation of the squeeze-out procedure.

Once the offeror has been granted advance title to the minority shareholdings, the squeeze-out procedure concerns only the consideration for the shares. The consideration must be paid in cash, even if the consideration in the offer consisted of securities.

A squeeze-out procedure will normally be completed within 12–18 months after the initiation of the squeeze-out, unless the arbitration award has been challenged.

Valuation
The Companies Act provides that, where a public offer has been made to acquire all shares not already held by the offeror and the offer has been accepted by more than 90 per cent of the target shareholders to whom the offer was made, the amount of the consideration for the remaining shares will be equivalent to the value of the offer consideration, unless there are any special reasons that justify a different amount.