BMHAVOCATS

French M&A 2025-2026

Key Legal Shifts You Need to Know

3 April 2026

The M&A Game-Changers

$158bn
+30% YoY

M&A Rebound

French M&A roared back in 2025, outpacing European peers and reaching pre-pandemic deal volumes

3
major reforms

Regulatory Shift

New FDI screening rules, updated merger control thresholds and landmark antitrust precedents reshaping deal structuring

2026
outlook

What Comes Next

A convergence of regulatory tightening and deal momentum creates a window where legal strategy becomes the decisive competitive edge

1. Market Overview

French M&A Market: 2025 at a glance

$4.3 trillion

Global M&A Rebound

Global M&A activity rebounded sharply, with aggregate deal value up approximately 40% year-on-year.

$158 billion

French Market Performance

Approximately 2,700 transactions were recorded in France, representing an increase of 30% from 2024.

2. Law Reforms

Hamon Law: Employee Information Requirement — Pending Reform

Legal Framework: under the Hamon Law, shareholders of qualifying companies are required to notify their employees at least two months prior to signing any share or asset purchase agreement. Completion of the information process cannot be made a condition precedent to closing.

This obligation applies to companies (i) with fewer than 50 employees, or (ii) with a works council (*Comité social et économique*) with fewer than 250 employees, annual turnover below €50 million, or a balance sheet total not exceeding €43 million.

Non-compliance exposes the seller to a civil fine of up to 2% of the transaction value.

Hamon Law: Employee Information Requirement — Pending Reform

On April 24, 2024, the French government introduced a new bill to simplify economic affairs ("*Projet de loi de simplification de la vie économique*"), which includes a reduction of the notification period from two months to one month, and a reduction in non-compliance penalties from 2% to 0.5% of the transaction value.

Senate's Position

Complete abolition of the employee information requirement, arguing that the current system:

- Creates significant transaction uncertainty;
- Risks breaching confidentiality during sensitive negotiations;
- Introduces delays that can jeopardise time-sensitive transactions;
- Imposes disproportionate administrative burdens on small and medium-sized enterprises; and
- May ultimately discourage potential buyers.

National Assembly's Position

- ➢ The French National Assembly rejected the Senate's position and retained the initial bill, namely a reduction in the notification period and of the fine imposed.
- ➢ On 20 January 2026, the joint parliamentary committee (*commission mixte paritaire*) agreed on the final wording of the text, which now awaits definitive adoption by Parliament.

Merger Control Thresholds

The bill to simplify economic affairs ("*Projet de loi de simplification de la vie économique*") includes provisions to streamline merger control procedures by raising notification thresholds for the French Competition Authority (*Autorité de la concurrence*):

- The combined worldwide turnover threshold would increase from €150 million to €250 million;
- The individual French turnover threshold would rise from €50 million to €80 million.

These changes are designed to reduce unnecessary regulatory friction for smaller transactions while preserving appropriate oversight of concentrations capable of affecting market structure.

In January 2026, the *commission mixte paritaire* confirmed the proposed thresholds. The text now awaits definitive adoption by Parliament.

Law Reforms: Nullity — Preamble

Order No. 2025-229

12 March 2025
In force: 1 October 2025

Objective

Clarify & streamline the nullity regime under French company law

Principal Aims

(i) Delete scattered nullity provisions from the Commercial Code
(ii) Consolidated into the Civil Code as *droit commun* for all corporate forms

Law Reforms: Nullity legal framework

Nullity of companies	• Nullity of the company can only result from the incapacity of all the founders or the violation of the provisions setting a minimum number of two shareholders (article 1844-10 of the French civil code). • From now on, nullity of contributions can only be introduced on the ground of corporate decision nullity. Furthermore, the illegality of the corporate purpose is no longer a ground for nullity of the company.
Nullity of shareholders decisions	• Nullity of corporate decisions can only result from a violation of a mandatory provision of corporate law, with the exception of the last paragraph of article 1833 of the French civil code, or from one of the cause of nullity of contracts in general (article 1844-10 of the French civil code). • SAS companies may include provisions in their articles of association which, if violated, would result in nullity (however, subject to the triple test).
Triple test (for nullity of shareholders' decision)	• From now on the judge may only grant nullity of the shareholder decision if the three following conditions are met : (i) existence of a grievance invoked by the plaintiff, (ii) the irregularity shall influence the corporate decision and (iii) the absence of excessive consequences for the shareholder decision, according to a proportionality review.
Limitation of cascading nullity	• Irregularities affecting the nomination or composition of a social body do not render decision taken by it null (article 1844-15-1 of the French civil code). • The judge may defer the effects of nullity by means of a proportionality review, in light of their manifestly excessive nature for the corporate interest, so that their retroactivity will be limited and the number of decisions annulled potentially reduced (article 1844-15-2 of the French civil code).

Law Reforms: Protection of Executives' Residential Address Information

CONTEXT

Rising physical threats and cyberattacks targeting cryptoassets' managers and executives.

Decree No. 2025-840 of 22 August 2025 provides managing directors (dirigeants) with enhanced protection against assault, harassment and cyberattack.

KEY MEASURE

Directors may request that their residential address be treated as confidential.

All references must be removed from public registers (Kbis, RNE, RBE) within 5 business days.

EXCEPTIONS

Public authorities, legal representatives, shareholders, and personal creditors of the managing director may still access this information.

3. Foreign Direct Investment Screening

FDI Screening in France: Key 2025 Developments

+14%

Global FDI Growth 2025

~$1.6 trillion
Growth concentrated in developed economies, especially data centers.

Source: UNCTAD, 2025

UPDATED GUIDELINES — JULY 2025

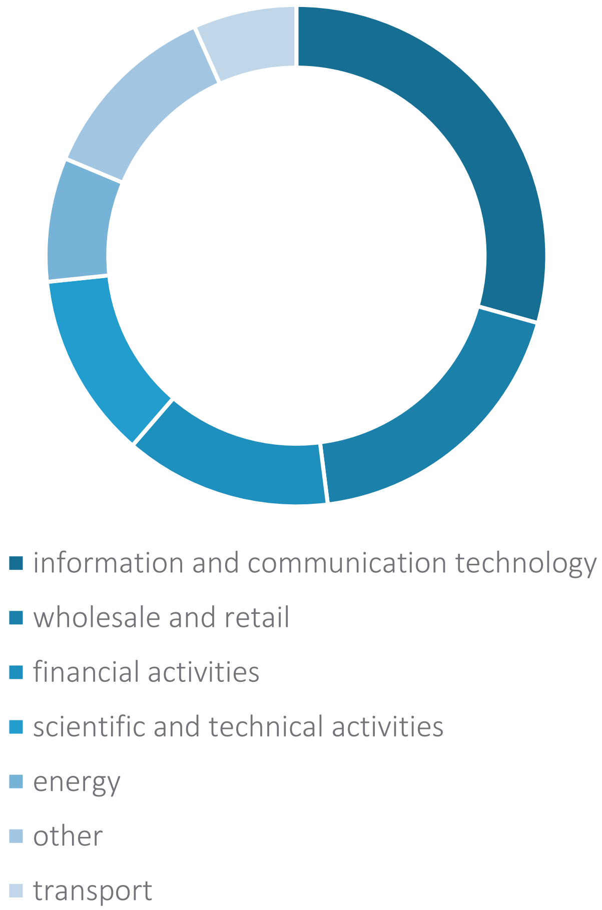
Following Decree No. 2023-1293, the French Treasury Directorate published updated guidelines superseding the 2022 version.

The new guidelines clarify the definition of critical raw materials by reference to EU lists — in particular Regulation (EU) 2024/1252 of 11 April 2024.

Dec 2023 — Decree No. 2023-1293 enacted
Apr 2024 — EU Regulation 2024/1252 referenced
Jul 2025 — Updated Treasury guidelines published

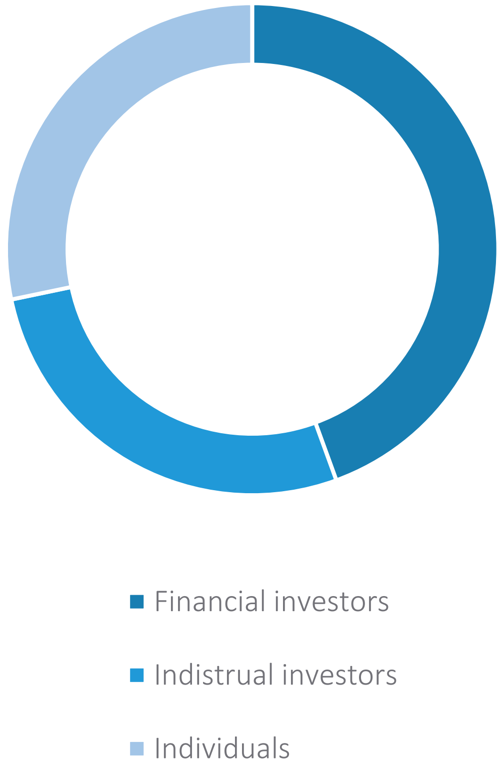
FDI Screening in France: Key figures

FDI applications



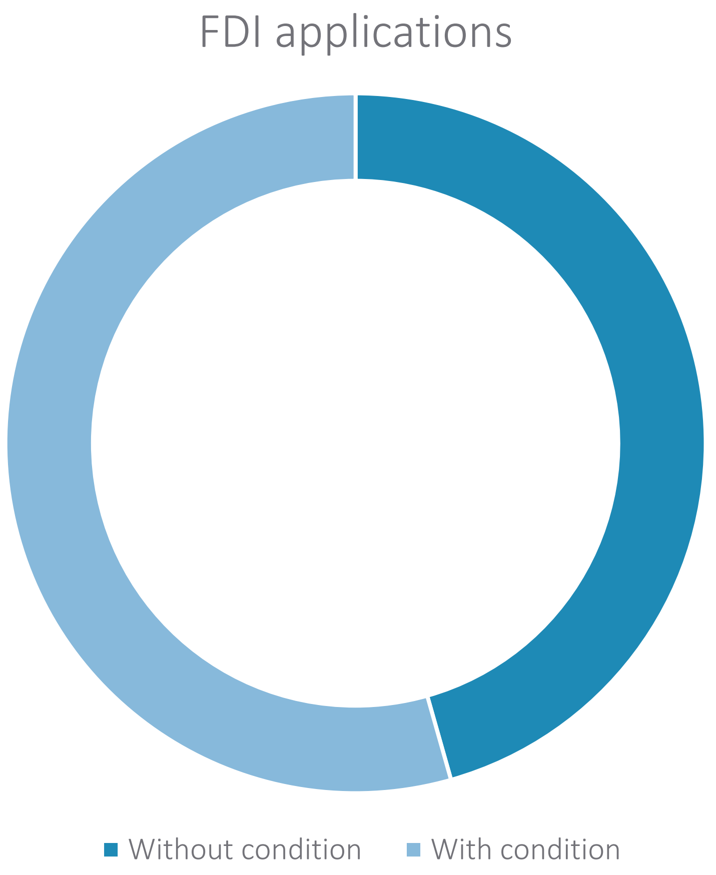
Foreign investors' origins

Categories of Foreign Investors



FDI Screening in France: Key figures

- A record of 392 FDI notifications were filed in 2025.
- This figure comprises investment authorisation requests filed by foreign investors, preliminary review requests (which may be initiated by either the investor or the French target), and notifications of the crossing of the 10% voting rights threshold in a listed company by a non-EU investor.
- Following review, requests may be found to fall outside the scope of FDI control or may result in a formal decision — either unconditional or subject to conditions.
- Of the 337 decisions issued, 182 were granted with unconditional approval.



4. Key Corporate Case Law

Cour de cassation, 12 February 2025 (n°23-11.410) — Distribution of Retained Earnings: AGM Competence

Facts

- On 30 April 2017, SAS Midi Plage approved its FY2016 financial statements and resolved to allocate the year's profits to the retained earnings account (*report à nouveau, RAN*).
- On 3 July 2017, a separate general meeting resolved to distribute dividends drawn from the RAN.

Court determination

- Distributable profit comprises the profit for the financial year, less any prior losses and amounts required to be set aside as statutory or contractual reserves, plus any retained earnings brought forward.
- Having approved the financial statements and confirmed the existence of distributable profits, the general meeting determines the amount to be paid to shareholders by way of dividend.
- The RAN is carried forward into the distributable profit of the following financial year; accordingly, only the annual general meeting approving that year's accounts may decide on its allocation and, where appropriate, its distribution.

In practice

A general meeting may resolve to distribute reserves that have been approved at the preceding annual general meeting. However, no distribution may be drawn from the RAN: only the annual general meeting approving the subsequent financial statements may decide on its allocation. Interim dividend payments (*acomptes sur dividendes*) remain available during the course of the financial year.

Cour de cassation, 12 February 2025 (n°23-16.290) — Enforceability of a Shoot-Out Clause (“*Clause Américaine*”)

Facts

- A majority shareholder (60%) and a minority shareholder (40%) entered into a shareholder agreement that included a clause known as “*Clause Américaine*”.
- Following a conflict between the two shareholders, the minority shareholder invoked the clause and offered to buy the shares of the majority one, who refused and was forced to acquire the shares of the minority shareholder at the price and conditions set by the latter pursuant to the clause.

Court determination

- For a shoot-out clause to be enforceable, the price must be objectively determinable at the time of triggering the clause. In this case, the price offered by the initiating party served as the reference price: the non-initiating party, having declined to purchase at that price, was bound to sell its own shares on the same terms.
- The mechanism must be triggered on the basis of objective criteria, and the pricing formula must not be subject to the unilateral discretion of either party (*condition potestative*).

In practice

Shoot-out clauses (*clauses américaines*) remain valid and enforceable under French law, provided that the pricing mechanism is objectively determinable and neither party retains unilateral pricing discretion. When drafting such clauses, practitioners should ensure: (i) the trigger conditions are clearly defined and objective, (ii) the price formula is self-executing, and (iii) appropriate notice periods and deadlines are specified to avoid disputes on implementation.

Cour de cassation, 7 May 2025 (n°23-16.700) — Seller's Liability on Disposal of a Distressed Subsidiary

Facts

- DHL Express France (the Seller) sold all shares in its subsidiary, Ducros Express, to Caravelle (the Buyer). Several years later, insolvency proceedings were opened against the subsidiary. Former employees brought claims against both the Seller and the Buyer seeking compensation for their losses (i.e. the loss of their employment). The Seller was specifically alleged to have failed to satisfy itself that the Buyer had a credible plan to ensure the economic viability of the acquired business.

Court determination

- The *Cour de cassation* excludes any liability on the part of a parent company solely by reason of having sold a loss-making subsidiary.

In practice

- In this ruling, the *Cour de cassation* affirms the principle that a parent company is not obliged to ensure, prior to the sale of its shares in a subsidiary in difficulty, that the purchaser has a solid takeover plan guaranteeing the future viability of the company being sold.
- This ruling affirms that a parent company is under no general obligation to verify, prior to divesting a loss-making subsidiary, that the purchaser has a viable turnaround plan. Nevertheless, the Court placed weight on several factual matters identified by the Court of Appeal: the Buyer had demonstrable financial strength, specialised expertise in business turnarounds, and had presented a credible restructuring plan. It remains an open question whether the Court would have reached the same conclusion had the Seller been aware of material difficulties on the Buyer's side at the time of signing. In practice, sellers should conduct reasonable diligence on the buyer's capacity and credentials — without being required to evaluate the merits of the buyer's business plan — and should document that process carefully.

Cour de cassation, 9 July 2025 (n°24-10.428) — Primacy of the Articles of Association over Shareholders' Resolutions

Facts

- On October 2, 2019, Bronze sold all of its shares in SAS IDF Démolition to Green Acquisition. During a general meeting of SAS IDF Démolition held on October 2, 2019, the shareholders unanimously adopted the terms and conditions of IDF Démolition's managing director's mandate, in particular, that the managing director may only be dismissed without just cause (*juste motif*) under certain conditions. However, the company's articles of association provide that "*the managing director may be dismissed at any time and without just cause by decision of the chairman*."
- A few months later, the managing director was dismissed in accordance with the articles of association but not in accordance with the terms adopted unanimously by the shareholders at the general meeting.

Court determination

- The *Cour de Cassation* affirmed the primacy of the articles of association over shareholders' resolutions with respect to the terms governing the managing director's mandate. This ruling is consistent with the *Cour de cassation* previous jurisprudence, which has ruled that an extra-statutory act (*acte extra-statutaire*) may supplement the articles of association, but may not derogate from them (*Cour de cassation*, October 12, 2022 n°21-15.382).

In practice

- Any shareholders' resolution that purports to alter the conditions governing the company's management — including the terms on which the managing director may be removed — must, to be effective, be accompanied by a corresponding amendment to the articles of association. Practitioners should ensure that post-acquisition governance arrangements are reflected in updated articles and not merely in side agreements or shareholder resolutions.

Cour de cassation, 14 May 2025 (n°23-17.948) — Scope of the Pre-contractual Duty of Disclosure

Facts

- Following acquisition of all shares in a company operating a fast-food restaurant in leased commercial premises, the buyer brought a claim against the seller alleging that the seller had concealed a material restriction under the applicable condominium regulations (*règlement de copropriété*) prohibiting frying on the premises — rendering the target business incapable of being operated as intended.

Court determination

- The *Cour de Cassation* confirmed that the pre-contractual duty to disclose under Article 1112-1 of the Civil Code is limited to information that (i) bears a direct and necessary connection with the subject matter of the contract or the attributes of the parties, and (ii) is of decisive importance to the other party's consent. The Court rejected an expansive reading under which any information with a direct link to the contract would automatically satisfy the decisiveness requirement.

In practice

- This decision underline the importance of thorough pre-acquisition due diligence and of carefully documenting the factors that are material to the buyer's decision to proceed. In practice: (i) the LOI should set out the purpose of the transaction and the key assumptions underpinning it, (ii) the SPA preamble should record the strategic rationale, and (iii) the due diligence Q&A log should be preserved — it provides contemporaneous evidence of what information was requested, disclosed and treated as determinative by each party.

5. Early 2026 Outlook

Early 2026 Outlook

Key developments shaping French M&A as of Q2 2026

LEGISLATIVE REFORM

Simplification Bill

Final vote expected Q1 2026. Hamon Law notice cut to 1 month; penalty lowered to 0.5%. Merger thresholds raised: €250m / €80m.

Market Abuse Reg. (Listing Act)

In force 5 June 2026: simplified insider lists. Step-by-step exemption for M&A removes obligation to disclose intermediate privileged information.

Annual General Meeting Modernisation Decree

Expected 2026 under Attractivité Law: multiple voting shares and revised preferential subscription rights for listed companies.

Management Packages

New MIP tax regime (*Loi de finance* 2025) now permanent. Audit of existing packages essential in any acquisition due diligence.

MARKET & TRANSACTIONS

M&A Momentum

Activity expected to sustain 2025 rebound. Cross-border deals dominate in value, mid-market domestic transactions recovering.

Private Equity

Limited partners pressure to deploy and distribute. Continuation vehicles, secondaries and NAV financing are rising alongside traditional buyouts.

Defence M&A

European defence M&A at record levels: deal count nearly tripled from 2023 to 2025, deal value reached $8.1bn in 2025. ReArm Europe (€150bn SAFE facility) and national budget increases are fuelling consolidation. Heightened FDI scrutiny: early pre-screening advisable on any dual-use or defence-adjacent target.

Distressed M&A

Rising mid-market insolvencies create acquisition opportunities. Sellers of distressed subsidiaries must document buyer solvency diligence.

This slide reflects the legal and market landscape as of April 2026. For informational purposes only — does not constitute legal advice.

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