

Auction Theory In Competitive Takeovers: Ideas For Regulators

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Abstract : The regulation of competitive takeover bids is one of the most problematic issues of any legislation on takeovers since it concerns a particular type of market, that of corporate control, whose peculiar characteristic is that companies represent "assets" unique of their kind, for each of which there will be a relevant market characterized by the presence of different subjects interested in acquiring control. Firstly, this work aims to analyze, from a comparative point of view, the regulation of takeover bids in competitive scenarios, characterized by the presence of multiple takeover bids for the same target company, and contribute to the debate on the impact that various solutions adopted in some legal systems examined (Italy, UK, and USA) have had on the efficiency of the market for corporate control. Secondly, the different auction models identified by the economic literature and their possible applications to corporate acquisitions in competitive scenarios will be examined, as well as the consequences that the application of each of them causes on the efficiency of the market for corporate control and the interests of the target shareholders. The scope is to study the possibility of attributing to the management of the target company the power to design the auction in order to better protect the interests of shareholders through the adoption of ad hoc models according to the specific context. and in particular on the ground of their assessment of the buyer's risk profile.

Keywords : takeovers, auction theory, shareholders, target company

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