



International Newsletter, July 2019

Launch of the *PACTE Act - Action Plan for Business Growth and Transformation.*

Last year, France strengthened its position as a thriving country for foreign investments. In order to confirm this trend, the so-called “PACTE Act” was enacted on 23 May 2019 with the aim to “remove obstacles to the growth of companies at all stages of their development, from their creation to their transfer, including their financing”.

Among the many changes made, some deserve special attention.

1. Simplification of M&A transactions and business operations

The PACTE Act facilitates the structuring and implementation of M&A and private equity transactions with the following measures:

- Rules relating to the issuance and redemption of preferred shares with special rights are standardized and simplified.
- The 10% cap for the allocation of free shares to managers is now “rechargeable”, i.e., whenever “free shares” become “ordinary shares” after expiry of the applicable time limitation, they are no longer taken into account for the calculation of the 10% cap, and new “free shares” can be allocated to managers.
- The scope of beneficiaries of warrants giving access to the share capital (“BSPCE”) is extended, beyond directors and employees, to members of supervisory or strategic boards, generally appointed by the investors, thus incentivizing these advisors to the added-value they bring to the company.

The PACTE Act also increases the thresholds (in assets, turnover and employees) triggering the requirement for commercial companies to appoint a statutory auditor, thereby reducing the operational burden and cost for smaller companies.

2. Simplification of employment-related obligations

The PACTE Act simplifies the headcount thresholds currently in place, each threshold adding a new layer of employment-related obligations for companies crossing them. New thresholds are set at 11, 50, and 250 employees, and will trigger obligations where companies have reached or exceeded them for at least 5 consecutive years.

The objective is, among others, to allow businesses to have more flexibility in increasing their headcount during periods of growth.

3. Framework for ICOs

The PACTE Act sets a new framework for Initial Coin Offerings (ICOs) and Digital Assets Service Providers (DASPs).

The new regime foresees that ICO initiators may apply for a visa from the French financial markets authority (the “AMF”), to be placed on a whitelist of trusted issuers, and that DASPs may seek an optional agreement for 10 types of services (two of which being mandatory: digital assets custody services to third parties and purchase/sell of digital assets in exchange for legal currency).

This regulation is still early stage. Additional implementing regulation is expected by September 2019.

Recently, DELSOL Avocats completed the following cross-border transactions:

Advised ALTIFORT on three acquisitions in Germany, Belgium and the USA.



Advised REALITES on the joint-venture with the British investment fund InfraRed Capital Partners.



Advised Descours & Cabaud on the acquisitions of Italian companies EBI GROUP S.p.A., FAIT Group S.p.A., C.P. Sistemi S.r.l., MORO SERVICE FORNITURE INDUSTRIALI S.r.l. e A.T.I. di Morganti S.r.l.



Advised EDF on an investment in Kenyan renewables energy player SunCulture.



Advised UK-based company PROACTIS on the tender offer on French public company.



Advised MAPED on a joint venture in Spain.



PARIS

DELSOL Avocats
4 bis, rue du colonel Moll
75017 PARIS
33 (0)1 53 70 69 69

LYON

DELSOL Avocats
11, quai André Lassagne
69001 LYON
33 (0)4 72 10 20 30

contact@delsolavocats.com



Avocats' contacts database.

In accordance with the General Data Protection Regulation and the French Data Protection Act, you may at all times withdraw your consent to have your personal data processed by DELSOL Avocats. You also have the right to access, correct, delete, restrict and limit the portability of your personal data and the right to oppose to the processing of your personal data. Finally you have the right to lodge a complaint before the French National Commission for Information Technology and Individual Freedom (CNIL), should you consider that the use made of your personal data by DELSOL Avocats is in breach with the principles of data protection.

You may exercise your rights with DELSOL Avocats by mail to the following address : DELSOL Avocats, 11 quai André Lassaragne - 69001 LYON - FRANCE, or by email to the following address:

contact@delsolavocats.com.

You will be asked to provide proof of identity.

This mail was sent to {{ contact.EMAIL }}

[Unsubscribe](#)

© 2019 DELSOL avocats

[Voir la version en ligne](#)