

## Factors Discouraging SMEs from Undertaking M&A

① Absence of knowledge on M&A and on how to undertake one

② Difficulties in identifying appropriate fees and other charges paid to support organizations involving M&A services

③ A sense of distrust in M&A support measures

## M&A Guidelines for SMEs

### Guidelines targeting SMEs with no business successors

- ①
- ◆ Presenting case examples of about 20 leading SMEs that succeeded in M&A, providing SMEs with familiarity with M&A
  - ◆ Presenting process-based checklist of procedure by SMEs in embarking on M&A and showing appropriate sample contract forms

- ②
- ◆ Presenting typical fee structure, paid to support organizations (starting fees, monthly fees, intermediate fees and contingent fees) and specific case examples, thereby providing criteria on which SMEs are able to decide on these fees from an objective perspective
  - ◆ Recommending SMEs to obtain second opinions concerning details of support measures that they are eligible to receive

### Basic points targeting support organizations

- ③
- ◆ Presenting the importance of maximization of SMEs' profits and collaboration among support organizations, which is a basic stance that such organizations should maintain
  - ◆ Requesting agencies with expertise in M&A to undertake the following actions so as to accomplish appropriate services:
    - [i] Clearly describing the terms and conditions of contracts stating that if a single agency simultaneously mediates an M&A both for a seller and for a buyer, this may cause a conflict of interest for both parties; and taking measures that minimize potential risks in causing such conflict of interest, e.g., through disclosure of disadvantageous information to a client SME on the fact that such agencies receive fees from both parties, and other facts;
    - [ii] Concluding a contract in which an SME is permitted to ask for a second opinion from another M&A support organization; and
    - [iii] Formulating action guidelines in which such agencies will limit the operation of a contract requiring a client SME to pay fees even after the expiration of the contract (tail clause)
  - ◆ Presenting specifics of support measures and points that financial institutes, experts in professional fields, commerce and industry associations, and platformer operators should take into consideration