

# **The Effects of merger on Shareholders and Others**

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## **Abstract**

This study examines the subject of the merger of companies and its impact on shareholders and others. The aim of this study was to identify the scope of companies' merger under Companies Laws in force in Palestine. And to identify its characteristics and motives, and also to identify the effects of merger on companies and on the shareholder partners and other creditors and debtors and some kinds of contracts and to achieve the objective of this study, the researcher used the comparative analytical method.

The subject of the study was addressed in four chapters. In the first chapter, the definition of merger was explained by discussing its definition, its features, its advantages, and disadvantages, and the position of the Palestinian and Jordanian legislators on merger. In the second chapter, this study examined the effect of merger in general. In the third chapter, the study examined the impact of merger on the shareholders' rights in the merged and integrated company. Chapter four deals with the impact of merger on others and the contracts made by the merged or merging company. The study ends by stating the conclusions and recommendations.

By analyzing the legal texts related to the merger and the use of some jurisprudence and judgments, it has been found that the law in force in Palestine to date cannot simulate the development of corporate merger. However, the draft Company Law of 2017 removes a lot of confusion and obstacles interfering with companies' merger.

The study concluded that the applicable laws in Palestine (West Bank and Gaza Strip) did not regulate the merger process directly and the existing legislation in Palestine does not cover the merger of companies in liquidation. On the other hand, the merger doesn't lead to the termination of the employment contracts but rather transfers them to the merging company. The Company Laws in force in Palestine and Jordan do not show the effect of the merger on the leases. While the draft Company Law of 2017 listed by the prime minister for the purpose of enacting it, had this issue resolved by continuing the lease and transferring it to the merging company.