

Throw Back on Paris Stock Exchange Delisting (2000-2019)

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Abstract:

Over the past twenty years, the French stock market witnessed a lot of changes in its regulatory framework and faced new strategic decisions taken by firms when it comes to staying listed as a public company or just delist and go back to being private again. The author collected data from the Bloomberg terminal from 2000 till 2019 and the World Federation of Exchanges (WFE) and tried to analyze and differentiate among the reasons why companies decide to delist from the Euronext-Paris. A further attempt was made by retrieving data from the Euronext website and in specific the fact book from 2013 till 2019. A look deeper into delisted firms' decisions to go back private was performed on individual delisted companies' official publications and announcements, and the general reasons were mainly concentrated on the high cost of being listed and specially the dual listing costs, the need to overcome the burden of the minority shareholders, the low turnover of shares and the fading away of the reason for being listed in the first place presented in the need for financing.

Keywords:

Delisting; Paris Stock Exchange; Euronext Paris; Going Private; Dual Listing.

I. Introduction

In Europe, in ten years, the number of listed companies melted by 20%. In 2017, at least 33 companies left the French market while only 14 were newly listed, according to Denis Cosnard of le Monde magazine in his article dated February 2018. As for Hervé Rousseau, he wrote in an article in le Figaro in January 2020: "Le nombre de sociétés cotées en Bourse fond comme neige au soleil. Tandis que les introductions en Bourse se font plus rares, de nombreuses sociétés sont rayées de la cote." Many researchers tried to study the delisting of firms from the French market and in specific the "voluntary delisting" that is usually taken at the own discretion of the company due to many reasons ranging from cost-cutting to strategic in nature. From 1997 till 2006, 10 years of being listed and getting delisted according to the Association des Marchés Financiers (AMF) (Martinez & Serve, 2010), the majority of firms that left the public arena used a special mechanism known as: buyout offer with squeeze-out (BOSO) in an effort to better handle the future of the concerned firms.

Under the BOSO process, the controlling shareholders, with the minimum 90% majority voting right, choose to buy out the minority shareholders and as such seals the capital of the firm and it becomes private (Ventoruzzo, 2010). Further study goes through a different segment extending from 2006 till 2010 with Anne Demartini from the department of studies at the AMF, where she noticed a decrease in the delisting during the period under study, with the lowest figures witnessed in 2008-2009. Demartini also stressed on the effects of dual listing and the judicial liquidation as the most important reasons for delisting during that period followed by corporate actions in the context of mergers and acquisitions.

Kim and Weisbach (2008) saw in going public an opportunity for high growth firms to have access to equity capital to finance their investment opportunities. As such, once a public

company faces a shortage of investment opportunities and low growth potentials, it is better off becoming private rather than staying public since they have less need for capital (Kim and Lyn, 1991 and Martinez and Serve, 2011). Accordingly, as the cost of funds from the public markets is cheaper than from private sources, the company is better off as a public company, but once the costs start to increase due to an increase in information production, companies go private looking for the cheaper choice.

The following script goes further in time covering the period from 2000 till 2019 (20 years) in the life span of the French market as it changed and evolved to become known today through three different markets: Euronext, Euronext Growth and Euronext Access. To have a comprehensive view for this long period and to tackle the most important reasons to quit the public status, we consulted the Bloomberg terminal, the World Federation of Exchanges (WFE), the Euronext and Reuters Thomson.

Over the study horizon of 20 years, around 2226 firms left the market according to Bloomberg terminal data with reasons varying among almost sixteen (16) different standard terminologies and descriptions used by Bloomberg as they collected the data to be posted and used as reference for the market and the regulators equally. The World Federation of Exchanges, in turn, provides data on the number of firms that get delisted on different markets with no mentioning of the reason behind such a delisting and this source was used also to retrieve the number of firms that were listed over the study period to reflect upon the changes in the number listings and trend in the French stock market. As for the Euronext, they publish yearly fact book that describes the whole year in question from the trading volume to market capitalization to new listing and delisting. After accounting for the data pertaining to Brussels, Amsterdam, Dublin and Lisbon, the researcher managed to compile data related to delisting in France over the period ranging from 2013 till 2019 (7 years) and the total number of firms in question totaled around 368 companies with many reasons displayed for delisting. These reasons were summed up in twelve different categories according to the AMF terminology and descriptions, which in turn gives a thorough look at the trend in the French market.

II. Review of Literatures

2.1 Delisting and the French Stock Markets

The delisting of firms that were quoted on the regulated markets in France has been stable and relatively at low levels throughout the period under study, with some exception or interruptions that took place in 2005 and 2010 that were driven by regulatory changes that prompted listed firms to take adequate decision regarding their status of staying listed or just dropping out of the quoted markets. Looking back at the reasons behind the delistings, one can infer few requirements in support of these decisions against the advantages of staying listed. The majority of the firms that opted to quit the listed status are represented in the small capitalization firms that are burdened by the high cost of being listed and foreign firms that are looking to concentrate their listing in one venue or one market (reduce cross-listing costs) where liquidity of their stock and benefits of being listed is more efficient.

Since February 2005, the organization of the bourse of Paris of the following markets (premier, second and nouveau) has been reformed to reflect the registration of all quoted firms onto a new list called the “Eurolist of Euronext”. The creation of this new list led to the

dismantling of the old system and the introduction of a new market system where firms are categorized based on their capitalization and grouped alphabetically as A, B and C. An entails firm with market capitalization above 1 billion Euros, B handles firms between €150 million and 1 billion, C for firms of less than €150 million in capitalization and the Alternext market for firms that cannot meet listing requirements (Euronext, FAQ, 2017)

a. Regulatory Framework

According to Euronext, during the period from 1996 till 2010, the delisted firms were witnessed highly in the Eurolist (C) followed by foreign firms, with 40% and 32% respectively of the total number of firms delisted (Demartini, 2010). With the economic downturn of the subprime crisis from 2007 till 2009, around 220 firms delisted, averaging 73 firms per year, due to various reasons ranging from corporate decisions related to mergers and acquisitions, bankruptcy and cancellation of listing (it refers to both voluntary and involuntary delisting). Further delisting was observed during 2010 with around 115 firms delisted due to the aforementioned reasons, and at the heart of it lays the NYSE Euronext-Paris decision to increase listing fees and trading commissions with a free option for firms to opt out of the market without any prior requirements before July of that same year. This decision prompted around 40 firms to benefit from such an offer and decided to delist from the market. Table 1 below lists the 40 firms that were delisted at the option of NYSE Euronext-Paris.

Therefore, one should look even further into different changes and amendments of some rules and regulations in effect over the period in question and investigate the results pertaining to each and every new amendment. The European directives of 2004 (Delaux 2004), for example, pushed some firms into delisting due to the imposition of some demanding rules and regulations that inflated the cost of compliance and being listed during that period and that witnessed a relative increase in the number of firms that opted out of the market as seen in the jump in the 2005 figures. With the introduction of a unified order book by Euronext in 2009, firms started losing interest in the benefits of cross listing since all the trading will be effected based on the reference market only and the costs of cross listing outweigh, at that point in time, the benefits of additional visibility and public promotion. Foreign firms were the first to delist their shares due to lack of liquidity in the French market and retained their listing in the markets where they see an opportunity for better visibility and liquidity for their respective shares. Accordingly, a steadily declining volumes of trading and liquidity prompted companies to rethink their perception regarding foreign cross-listing and what was considered as efficient several years ago might have become no longer efficient and hence opened the door for a wave of future foreign cross-delisting with investors' preference going for the most liquid trading place.

Furthermore, the law no. 2009-1674 of December 2009 (Legifrance) relative to the exemptions of corporate tax on Quoted Real Estate Firms that are listed in Euronext Paris has been expanded and amended to apply to all Real Estate Firms whose shares are listed on any market within the European Union. This decision, in turn, impelled most of the Real Estate Firms to delist from Paris and to stick to their reference market listing. With effect from 22 May 2019, the “Loi Pacte” has witnessed some amendment in the context of reducing the threshold for applying for delisting through “OPA” from 95% to 90%. This new rule was enacted in a move to give an incentive for firms to list their shares by going public, knowing that their exit strategy has become easier (Benhamou, 2019). According to the new rule, once the initiator holds less than 50% of the capital and wants to delist he can simply acquire 90% of the capital and proceed with voluntary delisting. But if the initiator holds more than 50%, the decision to delist remains within the threshold of the old rule of 95% (Pasquette, 2018).

b. Strategic framework

The 2007-2009 financial crisis had its effect also on the decision to delist from the Euronext market where the firms with the longest period of being listed (more than 20 years) represented around 57% of the number of firms that delisted during that period followed by firms that were listed for a period between 10 and 20 years and firm listed between 5 and 10 years with 17% and 9% respectively (Euronext-Paris and AMF, 2010)

Moreover, the number of firms that were delisted as a result of corporate activities related to mergers and acquisition dropped tremendously from an average of 34 firms per year during the 2000-2008 period to an average of 14 firms per year over the 2009-2019 period, this drop was mainly due to the large restructuring that firms witnessed during the subprime crisis period which led to either merger or acquisition on one hand or to a complete overall reorganization that was witnessed towards the end of 2008.

It is worth mentioning that voluntary delisting is usually effected by majority shareholders or controlling parties for strategic purposes related to reorganization of the entity or the holding group, protection against the dissemination of critical information to competitors, and the need for some major investments in R & D that will have negative effect on the company's profitability in the short run. Furthermore, the voluntary delisting can be a reaction to lack of liquidity in the respective market where the stock is listed or to the high cost to being listed which in turn can be traced back to some imperfection in the market. In this context, weak trading levels will eventually lead to low liquidity, high volatility in market values, and ultimate undervaluation of the stock in question (Pietrancosta, 2014). Furthermore, in the absence of promising and feasible projects, firms find themselves reluctant to reach for the capital market for any medium or long-term funding and as such the quest or the need for local and domestic investors' funds is no longer in demand and refuted the reason for being listed.

According to information gathered from the Euronext- Paris and the AMF, firms that opted for voluntary delisting from the Euronext – Paris were mostly medium firms in the industrial sectors and that pride with a relatively stable shareholders base. In addition, a recent trend has been noticed with the increase in the delisting of foreign firm who opted also to maintain their listing in their main listing venue and away from the French market to the extent that the share of listing of foreign firms went down in the Paris market from 21% back in 1995 to almost 9% in the Euronext – Paris in 2010 (Bondain, 2019). Most of these foreign firms identified their reasons for the delisting as being due to low turnover and the high and detrimental cost to maintain their dual listing in the recent internationalization and dematerialization of exchanges which rendered such dual listing not feasible anymore.

III. Results and Discussion

3.1 Empirical Data

In order to investigate further the trend in the French capital market and the framework of delisting over the last twenty years and in an effort to highlight the trend in the listing and delisting of firms on the Euronext Paris, data was retrieved from the World Federation of Exchange (WFE), Bloomberg terminal, Euronext official page and Reuters Thomson terminal. The figures that are collected had to be investigated on different levels because the Euronext-Paris is confused sometimes with the French market in general. The French market is comprised of the Euronext, the Alternext newly named Growth market and the Free market newly named Access market.

First of all, it worth starting our discussion by a simple straight comparison of the evolution of the Euronext over the last 20 years versus some of the important neighboring and similar European countries like Germany and Switzerland. Figure 1 delineate the corporate trend where the capital markets in Europe witnessed a contraction in the number of new listings and more and more instances of withdrawal from the market. This is obvious in the period from 2000 toward 2007, a small jump from 2007 till 2010 and then a continuous decrease towards 2019 with the exception of Euronext that was boosted with the introduction of more markets into its structure. The German and the Swiss markets lost around 47% and 33% respectively in terms of the number of listed firms over the past twenty years.

According the WFE annual statistics guide, from 2001 onward, the figures displayed for Euronext includes Netherlands, France, Belgium and Portugal.



Figure 1. Number of Listed Firms in Selected Markets (2000-2019)
 Source: The Federation of European Securities Exchanges AISBL (FESE)

a. World Federation of Exchange (WFE)

The figures show that the number of listed firms decreased from the year 2000 towards the year 2016 before taking a small leap in 2017 and then maintained its previous level in 2018. It is also worth mentioning that the figures cover only Euronext without taking into consideration Alternext and Free market respective data. Figure 2 below depicts the trend of the listed companies on the Euronext-Paris after accounting for the delisted companies during that same period. According to the data collected, the French market witnessed a decrease in the number of listed companies netting around 685 companies which represents an average of 40 companies per year from the 2000 till 2018. This result backs up our view on the recent trend of increasing delisting of companies in spite of the new listings. This is the net result of a decline in the number of new listings and a large number of companies that have left the stock market through delistings.

The collected data from the WFE displays only the number of firms that are listed on the Euronext- Paris and the number of firms that are delisted with no section or availability of information that states the reason for such a delisting and when comparing directly with the data retrieved later from the Euronext, we observed that some data are in conformity for some years and we observed some undermining of these numbers for some of the recent years.

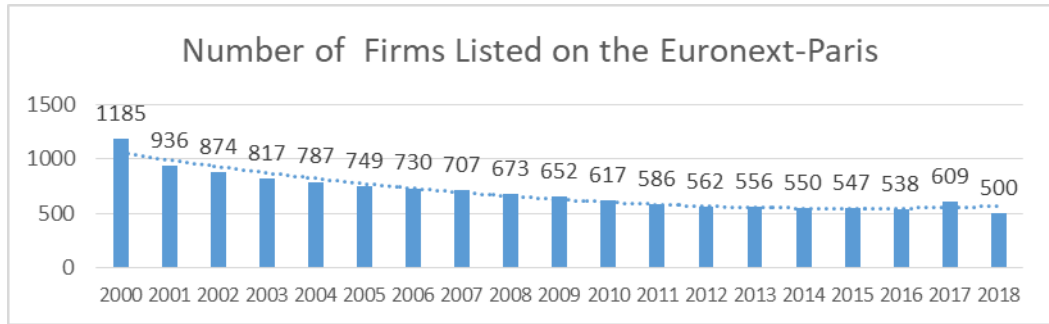


Figure 2. Number of Firms Listed on the Euronext-Paris (2000-2019)
 Source: World Federation of Exchange, personal compilation.

Figure 3 below displays, in turn, a comparison of the number of listing between the Euronext and the Euronext- Paris. The relatively small difference between the two figures depicts the important size of the French market when compared to the rest of the markets that comprise the data of the overall Euronext. The number of listed companies on the Euronext is composed of all aggregate companies that listed on the Euronext, the Alternext and the Free market.

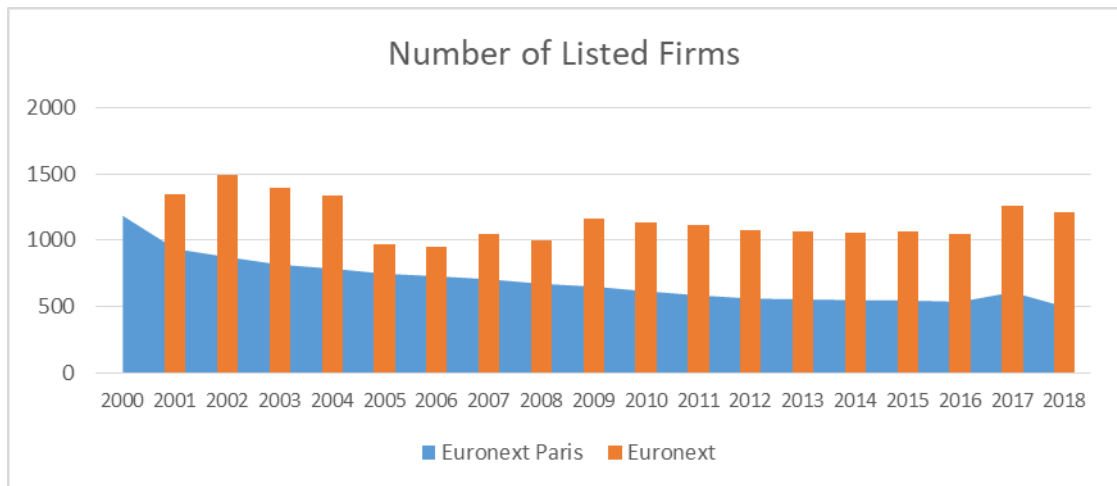


Figure 3. Number of Firms Listed on the Euronext and Euronext-Paris (2000-2019)
 Source: World Federation of Exchange, personal compilation

In Figure 4 below, the WFE contained data on the market capitalization of firms that are listed and delisted from the Euronext in all its markets and revealed only the figures for a period of eight years extending from 2011 till 2018.

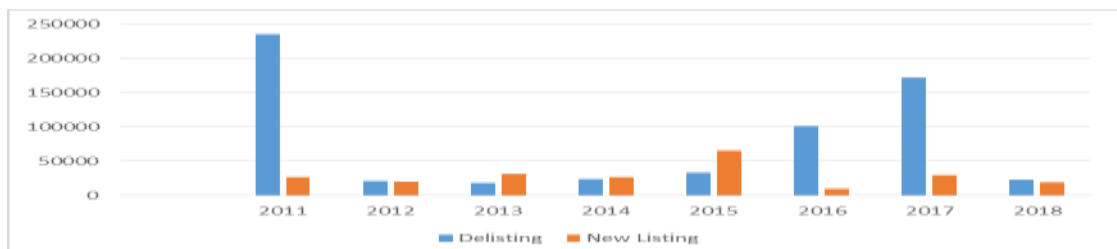


Figure 4. Market Capitalization of Firms Listed vs Delisted on the Euronext (2011-2018)
 Source: World Federation of Exchange, personal compilation

As depicted, in 2011, the market capitalization of the delisted firms reached around € 235,408 million with around 60 firms delisted which can be traced back to the delisting of large firms during that year, and again that trend was obvious in the delisting of 45 firms in 2016 and 50 firms in 2017 with a total market capitalization of €101,116 million and €172,073 million respectively.

b. Bloomberg data

The researcher tried to retrieve respective data from Bloomberg terminal which incorporates the reasons for delisting according to its own definitions. After analyzing the data retrieved from Bloomberg for the period ranging from 2000 till 2019, the author observed some concentration in the reasons for delisting that differs from year to year. The reasons are broken down as mergers and acquisition, bankruptcy, cancellation of listing, company's request and others. Regarding "mergers and acquisition", this reason witnessed a peak yearly average of 35.5 firms during the period of 2000-2005 and a low yearly average level standing at 14.3 firms during the period from 2010-2019 with an overall yearly average of 23.2 firms during the period under study ranging from 2000 till 2019.

As for "bankruptcy", this reason for delisting witnessed a peak yearly average of 8.7 firms during the period of 2010-2019 and a low yearly average level standing at 5 firms during the period from 2000-2005 with an overall yearly average of 7.7 firms during the period under study. The reason of "cancellation of listing", in turn, witnessed a peak yearly average of 36 firms during the period of 2005-2010 and a low yearly average level standing at 12.3 firms during the period from 2000-2005 with an overall yearly average of 19.9 firms during the period under study.

Delisting for the reason of "reorganization" witnessed a peak yearly average of 26.8 firms during the period of 2005-2010 and a low yearly average level standing at 1.5 firms during the period from 2000-2005 with an overall yearly average of 9 firms during the period under study and a peak of 89 firms in 2007. According to the data retrieved from Bloomberg, the number of delisted firms during the period extending from 2000 till 2019 summed up to 2226 firms after accounting for duplicates and repetitions. There was no mentioning of whether the firms delisted were doing so voluntarily or involuntarily. Therefore, the researcher had to go and look for publications and many different announcements by individual firms that might help in determining the reasons for such delisting.

A sample of delisted companies with reason being "Cancellation of Listing" and "The Company Request" were checked and the different publications found in the period surrounding the date of announcement of delisting and the effective delisting dates were grouped into four main reasons. Low Trading Volume, High Costs and Administrative Requirements were grouped as one category of delisting reasons and constituted around 60% of the observations. This reason was adopted by most large international and local firms seeking to reduce the redundant and unjustifiable costs of being listed on the French market, on one hand, and looking after their investors best interests when it comes to liquidity and trading volume. Some examples of these large firms are found in the decisions of Philip Morris, Procter & Gamble, Nestle, Eli Lilly, Abbvie Inc., Bike Expand, Cesam, Flip Technology, Arcoa and much more.

Offre Publique de Retrait (OPR) and Offre Publique d'Achat (OPA) were grouped together since they lead eventually to the voluntary delisting of the companies after being bought out by the majority shareholders or acquired by another company. This reason reflects the corporate actions that are witnessed in the French market by firms looking to capitalize on

the efficiency and the advantages of synergy in their management culture. A relatively impressive 20% was observed under this delisting reason and this section denotes some major companies like Access Industries, Agrivolt, Valtech, Acino Holding, Afone Participation, AES Chemunex and many others. The remaining two reasons that were retrieved from the publications of delisted firms revolve around the “Listing on another market” where firms decided to concentrate their public presence in only one trading venue where their stock experiences a relatively higher turnover and better liquidity, and the “Non-Compliance” which is the main reason for the obligatory or involuntary delisting that is imposed on firms by the trading venue and the financial market regulatory authorities. Both reasons account for around 8% of the delisted companies and they entail important entities like Velcan Holding, ABO Group, Vestasia Ltd just to name a few.

c. Euronext data

In order to have a look from a different perspective, the researcher collected data from the Euronext page under the section of the resources/statistics and in specific the Euronext fact book. After browsing the page, only the fact book for years extending from 2012 till 2019 were retrieved and emails were sent to the StatEurope@euronext.com in an effort to find an access to the missing years from 2000 till 2011. Reply was received and analyzed as per the following Table 2 depicts the trend from 2000 till 2011 with delisting reasons from different markets and which witnessed many segmentations in the data according to the evolution of the French market and the many developments that happened and the changes in the structure of the said market. The market delisting data in 2000 covered three market: the “Premier Marché”, for large companies with more 1 million euro in market capitalization, the “Second Marché”, which was intended for SMEs and later stopped in 2005, and the “Nouveau Marché” which targeted the French start-ups.

Table 1. Reason for Delisting from the Euronext (2000-2011)

		2000	2001	2002	2003	2004	Eurolist	2005	2006	2007	Euronext	2008	2009	2010	2011
Intra-Group	Premier Marché	19	10	12	11	13	Intra-Group	4	6	10	Intra-Group	4	6		
	Second Marché	7	9	9	4	6									
	Nouveau Marché		1	1	1	1									
Merger & Acquisition	Premier Marché	9	8	7	3	7	M & A	25	18	10	M & A	13	3		
	Second Marché	14	8	12	4	4									
	Nouveau Marché	2	1	5	3	1									
P-to-P (OPR)	Premier Marché		2	1	1		P-to-P (OPR)	2	2	4	P-to-P (OPR)	12	6		
	Second Marché	5	3	5	6	4									
	Nouveau Marché				3										
Others	Premier Marché	3	6	3	1		Others	8	6	6	Others	4	4		
	Second Marché	8	2	5	4	4									
	Nouveau Marché	3	2	7	7	6									
Total		70	52	67	48	46	Total	39	32	30	Total	33	19	30	34

Source: StatEurope@euronext.com, Personal communication and compilation

Reasons for Delisting based on different cases :

- Intra-Group consists of Parent company absorption of a Subsidiary
- M&A also refers to Industrial Operations or Corporate Actions
- Public-to-Private refers generally to 'Offre Publique de Retrait' effected by Majority Shareholders buying Minority Shareholders
- Others refers mainly to Judiciary Liquidation, Transfer to other markets , etc.

Later in 2005, the data on the three markets was grouped in one category the “Eurolist” and then in 2008 the name of the category was changed to “Euronext” with the same general delisting reasons still adopted. In 2010 and 2011 only the number of delisting was available with no specific reason being set forth except the nationality and the ICB classification. During the period from 2000 till 2011, the highest number of delisting was witnessed in the year 2000 with 70 delistings mainly due the Intra-group in the premier marché with 19 cases and the M&A proceedings presenting 14 cases of delisting in the second marché. Looking further, over the first ten years of the study, from 2000 till 2009, M&A represented an average of around 36%/Yr of all the delistings with the highest number of cases seen in 2005 with 64.1% of the delistings. Then we have the Intra-group with an average of 29.1%/Yr with the highest number witnessed in 2004 with 43.5%. The Others , the judiciary liquidation etc., make up an average of 20.1%/Yr with the highest number spotted in 2003 with 25% of the cases, while the P-to-P (OPR) added up to an average of 14.8%/Yr with the highest number identified in 2008 with 36.4% of all incidents o delistings. Table 3 below shows the breakdown of the percentages of delisting reasons over the period 2000-2009.

Table 2. Percentage Distribution of Reasons for Delisting (2000-2009)

Reason	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average
Intra-Group	37.1%	38.5%	32.8%	33.3%	43.5%	10.3%	18.8%	33.3%	12.1%	31.6%	29.1%
M & A	35.7%	32.7%	35.8%	20.8%	26.1%	64.1%	56.3%	33.3%	39.4%	15.8%	36.0%
P-to-P (OPR)	7.1%	9.6%	9.0%	20.8%	8.7%	5.1%	6.3%	13.3%	36.4%	31.6%	14.8%
Others	20.0%	19.2%	22.4%	25.0%	21.7%	20.5%	18.8%	20.0%	12.1%	21.1%	20.1%
Total	1	1	1	1	1	1	1	1	1	1	100.0%

Source: Euronext, personal compilation

In the relative fact book, one can find many statistical figures pertaining to the primary market, new listings, delistings, ranking of largest capitalization, secondary market, most active securities and plenty more on derivatives trading and European Exchange Traded Products (ETPs). The data collected covered all actions on the stock markets of Brussels, Amsterdam, Dublin, Lisbon and Paris. The delistings were retrieved and among the three different market segments, only the stocks related to Paris are filtered and separated to form the base of the study in question. The three markets under review are the Euronext, Euronext growth (previously Alternext) and Euronext Access (previously Free Market). Table 4 below shows that the Euronext has different categorizations for the reasons for being delisted from the stock market. These reasons range from company’s request to bankruptcy to M&A to squeeze out to voluntary and compulsory liquidation and to the non-adherence to the harmonized rulebook of the market.

Over the past seven years from 2012 till 2019, the French market witnessed around 414 delistings with the largest number being in the years 2017 and 2018 with 73 and 72 delistings respectively. Going deeper in the specific reasons, it shows that these latter years witnessed the highest number of delistings due to bankruptcy with 20 firms and non-compliance with 21 firms leaving the Euronext Access market in 2017 and 2018 respectively. Further 19 firms left the Euronext due to squeeze out during 2017. On the other hand, one of the highest figures for firms being forced out of the Euronext Access due to non-compliance with the harmonized rulebook and in specific provisions 6905/1 and 6905/3 marked the year 2018 that witnessed 20 delistings due to non-compliance versus 35 delistings in 2019 (marchelibre, 2018). Table 5 list the companies that were delisted from the Euronext due to non-compliance to different reporting standards imposed on all listed companies during 2018.

Overall, the last eight years witnessed the largest delisting reason being the squeeze out in the Euronext with 99 firms and a total of 150 delistings, followed by bankruptcies in the Euronext Access with 45 firms and a total of 78 delistings, the compulsory liquidation in the third place with a total of 39 delistings followed by non-compliance to the harmonized rule book in the Euronext Access market with 31 firms and a total of 36 delistings. According to the Euronext definitions and descriptions of reasons for delisting, the reason mentioned as voluntary delisting, it encompasses the “Offre publique de retrait suivie d'un retrait obligatoire” (OPRO) which is based on the amended “Loi Pacte” and the ability of firms that capture 90% of the voting right to buy out the remaining shareholders (minorities) and ask for delisting from the market consequently. The researcher managed to retrieve data on the “OPRO” specifically and compiled them in the below table 6 that highlights the period from 1998 till 2008 inclusive.

After removing different reasons such as “Offre Publique d’Achat” and other compulsory reasons, the remaining available figures depict a decrease in the number of delisting due to OPRO from 2005 onward with a peak year standing at 216 OPROs witnessed during the year 2000 followed by 2002 with 171 OPROs and 2003 and 2004 with 155 OPROs during each.

Moreover, 2007 and 2008 presented the lowest years with only 11 and 32 OPROs respectively, which can be mainly attributed to the financial crisis that the whole witnessed during that period of time.

Overlooking the reasons for delisting and reflecting on table 4, one cannot but realize the large number of firms that were delisted from the Euronext Access (previously Free Market) standing at 163 during the period under study followed by Euronext and Euronext growth (previously Alternext) with 148 firms and 57 firms respectively.

Table 3. Delisting from the three French Markets (2013-2019)

	2013	2014	2015	2016	2017	2018	2019	Total
Euronext	19	22	24	17	30	17	19	148
Euronext growth (previously Alternext)	5	8	7	12	12	7	6	57
Euronext Access (previously Free Market)	22	11	24	13	31	48	14	163
Total								368

Source: *Euronext-fact book, Personal compilation*

With the implementation of the “Loi Pacte” in the summer of 2019, more companies with important names in the French market took cost cutting decision and left the Euronext-Paris market due to number of reasons and in specific the low market turnover of their shares which mostly emanates from low analyst coverage on one hand and lack of interest of investors in the French firms’ shares, on the other. Moreover, the need to overcome the burden of the minorities shareholders has been made reachable, achievable and easier with the new threshold of 90% as amended by the “Loi Pacte” that took effect on May 22nd, 2019. The delisting was not only a move by large cap firms, but it was a step taken even by smaller firms looking to reduce the relatively detrimental cost borne from being listed on the French trading venue. Table 5 from the Euronext Growth- during 2019 and they are ranked in terms of market capitalization just to reflect and emphasize on the diversity of the firms delisted from

the French market. This diversity reveals the important need to reduce the costs of being listed for both large and small companies alike.

Table 4. Market Capitalization of Top Ten companies delisted on Euronext - Growth as of end 2019 (millions of euros)

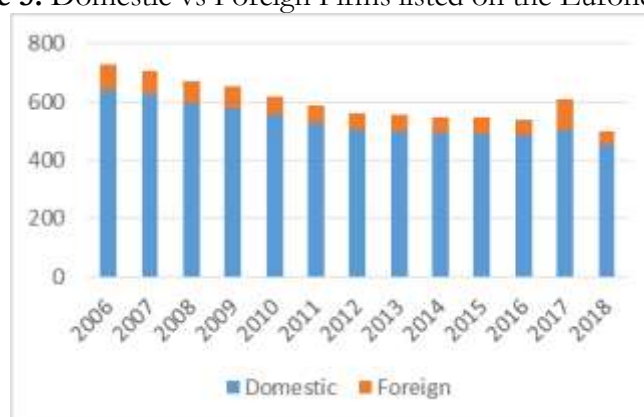
Trading venue	Company	Market capitalization
Euronext- Growth	Falcon Oil & Gas	138.44
Euronext- Growth	Scisys Group	87.91
Euronext- Growth	Keyyo	66.64
Euronext- Growth	Gan Plc	49.42
Euronext- Growth	Millet Innovation	38.5
Euronext- Growth	Oceasoftware	10.53
Euronext- Growth	ISA	5.98
Euronext- Growth	Dolphin Integrat.	4.92
Euronext- Growth	Holosfind	3.22
Euronext- Growth	Technofirst	0.34

Source: AMF, personal compilation

Euronext Growth replaced Euronext-Alternext on 19 June 2017.

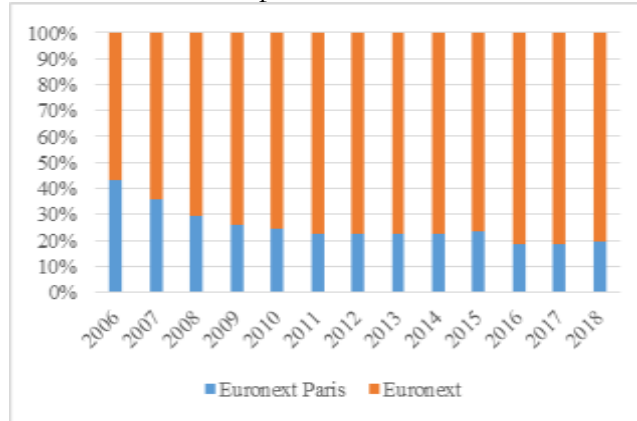
It is a segment of Euronext intended for SMEs to get f that are listed on the Euronext Paris over the period extending from 2006, the start of the NYSE- Euronext, till 2018, the last published year, with a larger share of decrease witnessed in the number of domestic firms. Figure 6, on the other hand, compares the number of listed companies on the Euronext – Paris with the number of listed companies on the Euronext with all its three segments. The number of companies listed on the French market constituted around 76% of the total Euronext listed companies back in 2006. This number plummeted to less than 25% in 2018 which reflect the decrease in the number of listed firms on the NYSE Euronext and the large migration to the Euronext Access and Growth markets on one hand, and the addition of more and more European markets to the Euronext.

Figure 5. Domestic vs Foreign Firms listed on the Euronext Paris



Source: https://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=181.SEE.A.FR.ENP0.LSD.X.Q

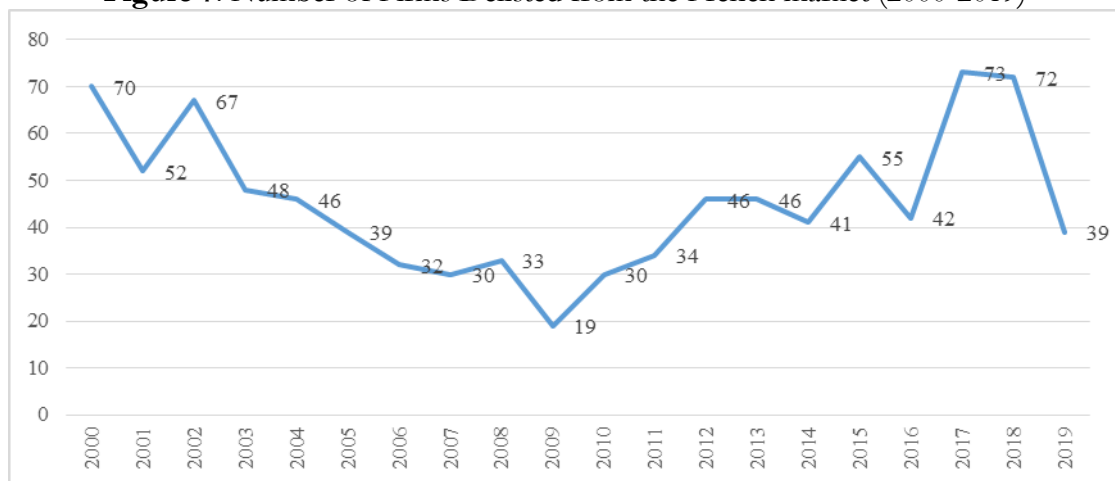
Figure 6. Number of Listed Companies on Euronext vs NYSE-Euronext Paris



Source: https://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=181.SEE.A.X0.ENX0.LST.E.Q

The final round-up of the delisted firms for the period under study ranging from 2000 till 2019 according to the data retrieved from the Euronext is presented in the below figure 8.

Figure 7. Number of Firms Delisted from the French market (2000-2019)

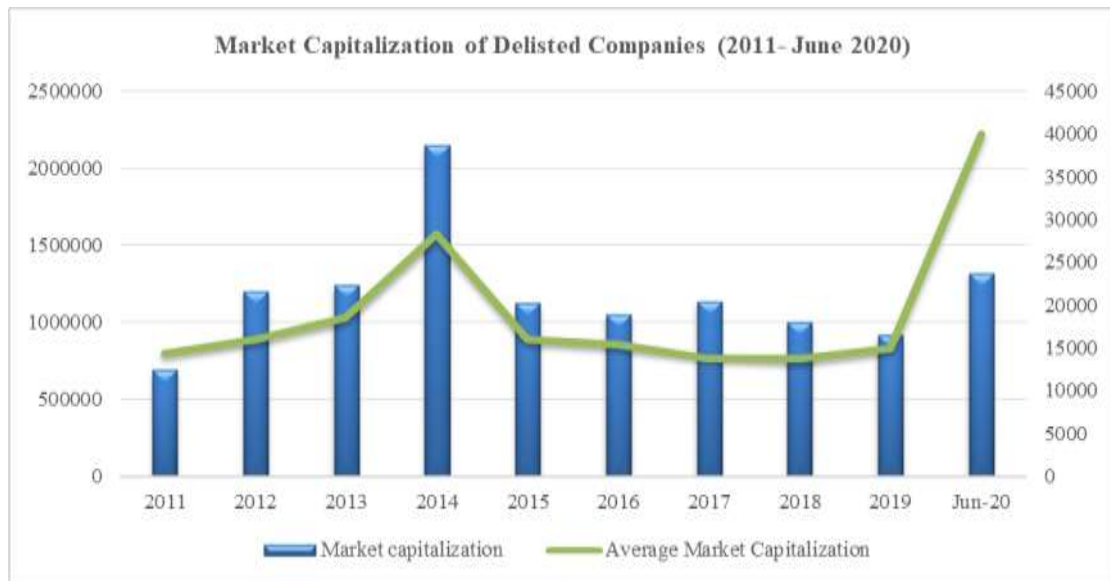


Source: Euronext, Personal compilation

As spotted in figure 8, the delisting in the French market witnessed a decrease from the year 2000 towards the 2009 with some upticks exceptions seen in 2002 and some minor changes in 2007-2008 period and then picked up its pace towards 2017 with an huge increase of around 31 firms leaving the market during that year before stabilizing back to its yearly average in 2019.

Further data collection was sought from Thomson Reuters in order to have a more thorough understanding and analysis of the delisting phenomena in the French market. The country data base could only have access to data extending as far back as 10 years and accordingly, we used the matrix from January 2011 till June 2020 with many attempts to go back farther in time but without any success after numerous attempts. Further, the reasons for the delisting were not accessible, but the market capitalization was rather manageable and the researcher opted for this variable to try to, at least, fill the gap of the missing delisting reasons. After filtering down the delisting actions on the Euronext to only the firms that were listed on the Euronext-Paris, we found around 652 delisting during the period in question with different market capitalization. The market capitalization displayed a median of \$2,421 million

and a mean of \$18,689 million with a maximum value standing at \$942,043 million and a minimum value of \$0.18 million. Figure 2.3 show the progress in delisting and the average market capitalization of companies that are delisted during the period extending from 2011 till June 2020.



Source: Reuters-Thomson, personal compilation.

The observed high figure for 2014 refers to the delisting of some large companies such as Ricoh Company Ltd, a Japanese Electronics Company and Weatherford International Ltd, one of the largest multinational oilfield service companies. On the other hand, if we try to breakdown the years, from 2011 till June 2020, we realize that different years had different effect on the delisting, whether it is from the capitalization perspective or the number of firms and this breakdown is shown in the following Table 2.6 that outlines the different market capitalization during the years in question and the total de-listings that happened respectively in the French market.

IV. Conclusion

When looking at the different reasons encountered for French firms to delist or just exit from the stock market, one can find the cost of listing, the low shares turnover and the restructuring resulting from active corporate actions at the heart of the reasons behind such a move. The relative high cost of listing and low stock turnover prompted firms to evaluate the costs and constraints of listing against the benefits. Facing financial constraints, delisting can ease a company's financial burden related to the requirement to satisfy the financial expectations of investors specially when it boils down to profitability. The costs of being listed include additional auditing costs, disclosure costs, legal framework, administration costs, strategic reconsideration of decision making, and many other costs that might be, at times, difficult to estimate and account for them. Furthermore, regulatory constraints are present and are imposed on issuers in the form of requirements related to the need to increase market transparency for the best interests of investors. Most of the instances of delisting were associated with cases of poor performance in the period prior to the delisting and lack of growth potential.

On the other hand, the need to address group restructuring in order to combine the business activities and management of subsidiaries within the group through mergers and/or

reworking of parent-subsidiary relations is there also as an important reason leading to delisting. Not to forget the poor liquidity and low valuation of SMEs, which once associated with poor performance on the stock exchange, inaccurately mirror the activities of most SMEs and ultimately do not constitute any interest for analysts and other institutional investors who always demonstrate some kind of lack of interest in the securities of French SMEs.

The French market participants, like in most markets, weight in on the advantages and the disadvantages of being publicly listed and are lured by the private equity funds that attract them away from the stringent financial and regulatory requirements.

Furthermore, the evolution of the French market and the multitude of layers and divisions within the market requires thorough and in-depth research and study in order to understand the trends and the potentials for a promising future of the capital markets at the large cap and SMEs level.

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