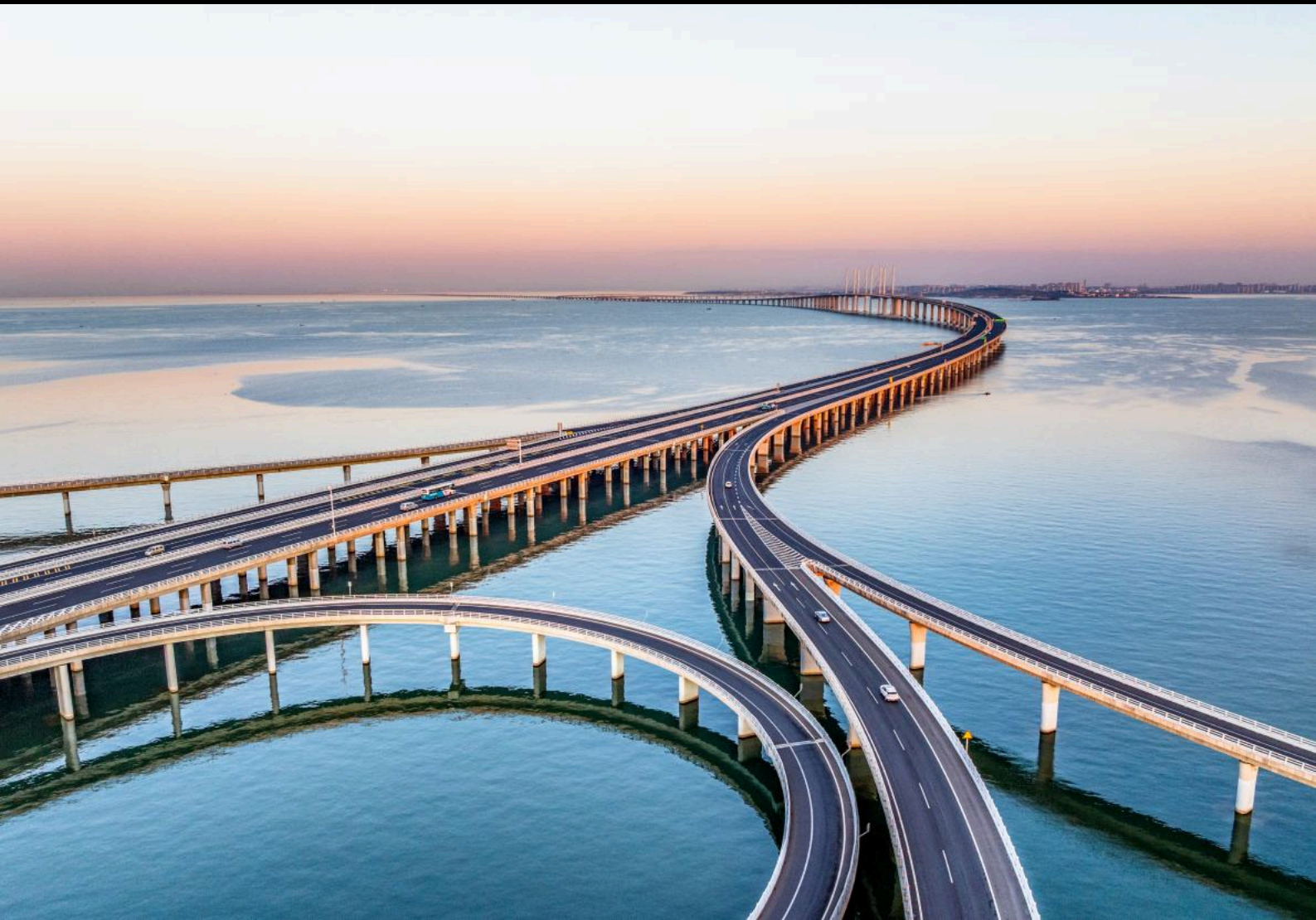


Thought leadership Global M&A in 2026 Our top 10 predictions



Global M&A in 2026

Our top 10 predictions

2026 is set to be a strong year for M&A. Private capital is preparing for increased activity, while strategics are seeking to reposition themselves through transformative deals. However, this optimism may be tempered by geopolitical tensions or a tightening of credit markets.

“We are expecting sustained, strong activity in the year ahead, led by strategic, high-quality transactions rather than high-volume activity. The US is leading the charge, but Europe is also poised to be a focus for cross-border transactions in 2026. The Middle East and Asia continue to be active, with both inbound and outbound deals. This global spread reflects boardrooms’ confidence in M&A as a tool for scaling, consolidating, and navigating an uncertain geopolitical and regulatory landscape.

Smaller businesses are likely to remain prudent amid higher interest rates, tariffs, and macroeconomic challenges, so most M&A activity will come from major corporate buyers and sponsors. Financing is available, with private credit playing an increasingly important role in acquisition finance.”



Sarah Jones
Global Head of Corporate

“Deal dynamics continue to evolve with corporates seeking transformational deals and private capital leveraging new funding structures and forging new strategic alliances. After several challenging years, dealmakers are starting to reach agreement on valuations that were previously difficult to achieve. Meanwhile, regulatory frameworks are changing rapidly, with authorities increasingly open to supporting national political agendas. The stage is set for interesting and complex deal-making in 2026.”



Dan Bomsztyk
M&A Senior Associate, London

Explore our 2026 M&A trends below.

1

Cross-border transformational deals in Europe

US mega-deals dominated in 2025, whereas Europe saw only two US\$10 billion+ acquisitions. European business sentiment remains cautious amid political uncertainty and competitive pressures from China. However, we may see more European large-cap deals in 2026.

The call for 'European champions' in the Draghi report is fuelling anticipation of intra-European transactions, particularly in energy, financial services, and telecoms. Regulators are increasingly amenable to wider 'pro-growth' policy goals and complex behavioural remedies and, as a result, may be more open to large-scale mergers, including '4-to-3' deals that previously faced significant competition barriers. As consolidation prospects rise, Europe is set to become a key arena for cross-border M&A in 2026, attracting both European corporates and international players. Well-positioned corporates will capitalise on opportunities, as competitors are distracted or constrained by geopolitical and regulatory challenges.

“The market is buzzing with talk of transformational deals and European champions, and the regulatory framework is evolving under a pro-growth agenda. Expect some major deals in 2026, with more ‘4-to-3’ mergers and, in strategic sectors such as aerospace and defence, possibly even ‘3-to-2’.”



Jan-Hendrik Horsmeier
M&A Partner, Amsterdam

“In 2026, we expect US buyers to play a significant role in European transformational deals, especially in financial services, technology and infrastructure, leveraging operational expertise, capital strength and regulatory reform-driven opportunities.”



Marina Livingston
M&A Senior Associate, New York



2

Active regulatory intervention on technology deals

Regulators are adopting a much more proactive stance on technology deals. Transactions that might entrench dominance or eliminate future competitors are under close scrutiny, and even smaller deals may face examination if they risk disrupting markets. Authorities, motivated by concerns over tech sovereignty, are seeking to ensure that critical digital infrastructure and capabilities remain under national or regional control. More tech deals are likely to be blocked or heavily conditioned, as regulators prioritise the long-term health of digital markets over short-term deal flow.

Authorities are using existing Antitrust laws and theories of harm to keep pace with rapid technological change and changing product market definitions. They are reassessing digital market boundaries and focusing on AI and algorithms in merger reviews. Those considering acquiring European start-ups in so-called ‘killer acquisitions’ must also navigate political complexities, as member states can use new ‘call-in powers’ to disrupt unwanted bids for their national tech unicorns. In the US, antitrust authorities can also investigate and challenge transactions that do not require pre-merger notification filings. Authorities are looking at being ahead of the consolidation of market power in AI, seeking to learn lessons from rapid consolidation in other areas of tech.

“Expect increased use of national call-in powers on AI and data deals, as European member states seek to defend national gems and ensure they can compete effectively against US and Chinese tech companies.”



Milena Robotham
Antitrust Partner and member of the Tech group, Brussels,

3

Collaboration on Middle East opportunities

European and US M&A into the Middle East has more than doubled in the last year, characterised by strategic partnerships and joint ventures.

Sponsors are collaborating with sovereign investors on major investments in data centres, energy assets and transport infrastructure. For European and US sponsors this marks a shift, after many years of minority co-investment, to trusted, symbiotic partnerships, which foster deeper collaboration, with Middle Eastern investors seeking operational expertise, regulatory sophistication and technological know-how.

“Expect to see more intensive collaboration in 2026. The collective expertise of sponsors and investors combined with Middle East capital and opportunities creates a trusted, symbiotic relationship that will drive large-scale infrastructure, real estate and technology projects, and deliver strong returns while forging deeper strategic ties between the regions.”



Gareth Dray
M&A Legal Director, UAE

4

New sources of capital put to work in M&A

Companies and investors will prioritise deals with financing certainty. The availability of additional sources of flexible, lower-cost capital and a more dynamic deal environment will unlock transactions that might have stalled in recent years. Private capital is increasingly part of the funding solution, whether through private credit or equity co-investment, particularly on larger transactions.

Insurance capital is emerging as a significant source of M&A financing, alongside private credit and renewed bank lending. Buyers are increasingly borrowing from insurers or leveraging their own insurance platforms to bridge funding gaps and accelerate deals.

Major pension funds, such as Australia's superannuation funds and Canada's Maple-8, have shifted from minority co-investors to taking larger stakes, aiming to shape portfolio businesses and exit strategies. By leveraging their voting power, they can now act as kingmakers on future deals and are edging closer to controlling positions as they gain public markets experience.



“Alongside private credit, sovereign wealth funds and insurance capital are now competing with banks, creating unprecedented liquidity and funding solutions. This is enabling buyers to move faster and structure deals more creatively. In 2026, insurance-backed financing and sovereign co-investment will accelerate, especially in sectors needing patient, flexible capital.”



Mark Inkester
Private Capital Senior Associate, London

“Increasing consolidation within the Australian superannuation sector is giving super funds access to greater pools of capital and opportunities to execute large-scale transactions. Expect super funds to play an active role in both public and private markets deals in 2026 and, one day in the future, we may see an outright acquisition by a superannuation fund.”



Sarah Jenkins
M&A Counsel, Sydney

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Consolidation in banking and insurance

In Europe, major bank consolidation, both cross-border and domestic, is shaped by complex regulatory and political factors. Full-scale mergers are challenging, so institutions are acquiring minority stakes to gain exposure to new markets and position themselves for future consolidation. With interest rates falling, banks are also expanding into more profitable segments, particularly wealth management.

In the US, a wave of regional bank deals is underway, driven by streamlined regulatory approval processes that have fundamentally altered deal timelines. Regional banks that previously faced 12- to 18-month approval cycles are now completing transactions in half that time.

European insurance giants are expected to deploy capital in 2026, focusing on core markets and products after recent disposals of non-core businesses. US buyers will continue investing in European consumer-facing insurance platforms, as seen in AIG's investment in Convex and Radian's acquisition of Inigo.

“We will see more consolidation, with European insurers seeking scale where they find the right target. Major players will step up activity in 2026, with high-value deals that will set the pace for the wider market.”



Thomas Conradi
M&A Senior Associate, Munich

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Foreign investors refocus on high-growth opportunities in China

We expect global investors to move forward more rapidly in the execution of their investment strategies in China during 2026, with China M&A value up in 2025, a stabilising domestic economy and a more positive sentiment returning to the markets.

Global corporates are streamlining portfolios, exiting non-performing lines to focus on areas aligned with China's growth, and targeting investments and collaborations in respect of new Chinese technologies for global commercialisation, especially in the industrials, automotive (electric vehicles and smart mobility), pharmaceutical and healthcare sectors.

In addition, along the Middle East–China corridor, Middle Eastern investors are actively looking for opportunities to partner with Chinese investors, particularly in energy, tech and advanced manufacturing, as they rebalance their global investment portfolios.

“China remains keen to attract foreign capital and expertise to help reach its economic goals. While navigating the complex cross-border regulatory environment is key to the success of these transactions, international investors should find strategic M&A and partnership opportunities in China in 2026.”



Peter Zhao
M&A Counsel, Shanghai

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National priorities and policy agendas impact deals

Cross-border M&A is increasingly affected by national government policy objectives, requiring businesses to navigate complex geopolitical dynamics. Pro-growth and efficiency priorities in Europe are driving lighter-touch merger control in some sectors, allowing the 'right deals' to clear regulators more quickly. Authorities in China and Saudi Arabia are using antitrust powers to advance national policy objectives while simultaneously encouraging foreign investment – a difficult balancing act.

The environment for foreign investment into the US has generally grown more favourable under the current administration, which is actively encouraging foreign investment to support US business and tech leadership. However, the Committee on Foreign Investment in the United States (CFIUS) remains a key consideration in cross-border transactions, as it continues to be active. The White House has also been directly engaged in certain high-profile CFIUS matters, including securing a 'golden share' to approve the previously blocked Nippon/US Steel deal, and imposing ownership limits through a framework agreement for TikTok/ByteDance, allowing TikTok to continue operating in the US.

Meanwhile, recent transactions such as Synopsys/Ansys show a willingness of US antitrust authorities to accept merger remedies, which were strongly disfavoured by the prior administration. This policy shift is a welcome sign for parties considering transactions that may present 'solvable' antitrust risks. Individual states are also increasing their role in merger control, with Colorado and Washington recently implementing merger notification laws, and other states may follow.

“In 2026 businesses will face more complex regulatory demands on deals, as more jurisdictions, including individual US states, implement or change merger control laws, and FDI and merger control regimes become more cumbersome. Dealmakers will also need to consider how changing policies, which can diverge across jurisdictions, may impact their deal. This makes adaptable, multi-jurisdictional strategies essential.”



Lauren Rackow
Antitrust Counsel, New York



8

Healthcare sector steps up dealmaking

Big pharma is emerging from a period of market uncertainty, with easing political pressures and renewed confidence in dealmaking. While political factors will continue to shape investments, including in US manufacturing, light-touch regulation and advances in AI have boosted Chinese drug developers, making them attractive targets for global pharma.

Smaller biotechs, previously constrained by a lack of venture capital and IPOs, will find opportunities through partnerships or acquisitions by larger rivals. Encouraging signs in equity capital markets could, if sustained, restore access to VC funding in 2026 by improving investor confidence and exit opportunities. In consumer health, dealmaking is set to accelerate as buy-and-build platforms reach scale and struggling spin-offs create P2P opportunities for private equity and strategics. As dealmakers remain focused on hedging risk, licensing and collaborations will feature alongside traditional M&A.

“A new wave of drug developers, persisting biotech funding pressures and approaching biopharma patent cliffs will drive increased M&A activity in 2026 as strategic acquirors seek to replenish their pipelines or realign their portfolios.”



Christine Kim
M&A Counsel, New York

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Transformative M&A deals in AI and strategic collaboration in defence

Artificial intelligence continues to drive tech sector deals in 2026, with investors willing to pay premiums for high-quality, resilient assets. Supply chain vulnerabilities, such as chip shortages and cyberattacks, are also shaping M&A strategies.

Tech M&A has reached an inflection point, with many shifting strategies from acquiring early-stage ventures to drive innovation, to undertaking transformative platform acquisitions. Both strategic and financial buyers are competing for the same assets, driving up valuations, although rapidly rising valuations may prompt some investors to pause for thought. Concern of an 'AI bubble' has created tension between high valuations and the belief that this is a unique opportunity to capture a pioneer asset.

In the defence sector, collaboration is accelerating, fuelled by the promise of increased government spending and a renewed policy focus on readiness. Start-ups specialising in pure play or dual-use defence technologies are pursuing joint ventures with established players, contributing innovation in return for capital and manufacturing capability. As these partnerships mature and new technologies prove their worth, further acquisitions are expected in 2026.

“Investments and acquisitions related to the necessary building blocks for AI, such as data centres and energy, will increase. With respect to data – another critical component of AI – expect to see high value licensing deals between major media organisations and AI developers.”



Violetta Kokolus
Corporate Partner, New York

“With defence budgets rising across Europe, we’re likely to see more joint ventures and collaborations in the coming year. Established contractors and innovative start-ups are increasingly working together to bring new technologies to market.”



Erik O'Connor
M&A Partner, London



10

Private capital emerges as broker in financial services M&A

Private capital is now a fixture in financial services M&A, with private equity and alternative investors present in nearly every transaction. Their ability to move quickly and structure deals creatively is influencing both pricing and competitive dynamics, while strategic buyers remain active where clear synergies or scale are available.

Private equity's approach to banking assets is increasingly strategic, viewing banks as consolidation targets and sources of cost-effective funding. As investment cycles mature, both new entrants and exits are adding momentum and intensifying competition for attractive assets. Private capital is also playing a key role in insurance. Apollo's acquisition of insurance assets, such as Athora/Pension Insurance Corporation, is primarily with a view to its investment manager managing those assets. Capital light businesses and intermediaries are also attracting significant interest.

“The use of insurance capital as part of the co-investment model for PE M&A, and investments by PE sponsors into the life insurance sector, will continue to accelerate in 2026. Bank M&A is also expected to feature heavily on the private equity agenda.”



Neil Barlow
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