

November 2025

Follow us on [LinkedIn](#) 

## Industry Update

# Shareholder Activism in the Banking Sector: Current State of Play

By [Sean Donahue](#), [Lawrence D. Kaplan](#) and [Jason Shafer](#)

Shareholder activism in the banking sector is on the rise in the United States. To date in 2025, there have been 13 activism campaigns against banks, already surpassing the 10 campaigns from 2024. Importantly, 10 of the 13 campaigns have occurred since late July. With a market that is conducive to bank M&A, publicly traded banking organizations need to prepare for shareholder activism.

### **Who are the activists targeting banking organizations?**

Most shareholder activism in the banking sector is conducted by a handful of funds that focus on banking organizations. Some of the most prominent activists in the space in recent years include HoldCo Asset Management, PL Capital Advisors, Stilwell Value, Seidman and Associates and Driver Management Company. HoldCo has been particularly active in 2025, with six campaigns initiated on or after July 28. Stilwell Value has conducted the largest number of campaigns over the years, with nearly 80 campaigns conducted since 2000. Occasionally activist funds that are not banking-sector focused will conduct an activism campaign at a banking organization.

Banking organizations should examine their shareholder base and immediately review their defenses if any of these activist funds own their stock.

### **What are the typical objectives of an activism campaign at a bank?**

There are typically four primary campaign themes of activists in the banking sector.

The first theme is that the bank should be sold. This campaign is often articulated by an activist stating that the bank should pursue strategic alternatives.

The second assertion is some type of criticism of capital allocation or operational efficiency. This is often expressed as the activist positing that the stock is undervalued and the company should buy back shares, the company should cease making any further acquisitions or the company should cut costs.

The third objective is a change in management. This is often expressed in an explicit statement that the CEO should be replaced.

Finally, the fourth theme is that there should be a change in board composition. This objective is typically a means to achieve one of the first three objectives — sale of the company, capital allocation/operating efficiency or change in management.

### **Is activism in the banking sector different from other sectors?**

Yes. Banks and changes in control or management of banks is highly regulated, imposing significant regulatory constraints on activists running a campaign against a bank (or its holding company) that may make certain defenses available to a bank that are not available in unregulated industries. By way of example, a proxy contest against a bank resulting in a change in board composition could be viewed as a change in control if an activist seeks more than a majority of seats on a board, requiring an activist to make certain regulatory filings and subjecting them to robust regulation that would be overly burdensome due to the nature of their business.

While regulatory defenses are available, activists often are able to avoid subjecting themselves to federal banking regulation by capping their ownership at either 4.9% or 9.9% and engaging in a proxy contest that if successful does not result in them having a majority of board seats. State-chartered banks may find certain state-law regulatory defenses available that should be analyzed as part of their defensive strategy. Other defensive tactics that should be considered are potentially discussing the activist campaign with regulators and reviewing any director interlock statutes.

### **What should banking organizations do now to prepare for shareholder activism?**

Banks and their holding companies should consider taking the following actions to be prepared for shareholder activism:

- Establish an activism response team now by identifying or retaining:
  - Legal counsel specializing in activism defense
  - A proxy solicitor with proxy fight experience
  - An investment bank with a dedicated activism defense practice
  - A crisis communications firm
- Initiate or enhance stock surveillance procedures to understand which investors are buying or selling shares of your stock.
- Review articles of incorporation, bylaws and other governing documents to assess if there are possible structural vulnerabilities.
- Consider whether to make any proactive corporate governance enhancements that improve corporate governance but that do not create any additional activism vulnerability.
- Assess possible potential regulatory defenses and develop a regulatory response plan to alert the bank and its holding company's regulators of the shareholder activism and the likely public nature of any actions.
- Prepare a shareholder activism day-one public communications plan and prepare activist investor meeting guidelines and talking points.

- Obtain a list of registered shareholders from your transfer agent to check if any activist has already acquired any shares held of record and have the transfer agent alert the banking organization of any changes in record ownership going forward.
- Refocus shareholder engagement efforts by proactively reaching out and speaking with your largest shareholders.
- Consider the preparation of a poison pill to be placed on the “shelf” so that it can be implemented quickly if needed.
- Be prepared for the activist to make a demand for your books and records, shareholder list and, potentially, board minutes and materials.
- Assess financial, operational, stock price and board composition vulnerability.
- Review D&O indemnification protections from activism defense perspective.
- Heading into the upcoming proxy season, review your annual D&O questionnaire and add questions to elicit information that is required under the proxy rules that apply in proxy contests.

◇ ◇ ◇

*If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings Washington D.C. lawyers:*

Sean Donahue

+1-202-551-1704 / +1-212-318-6764

[seandonahue@paulhastings.com](mailto:seandonahue@paulhastings.com)

Lawrence D. Kaplan

+1-202-551-1829

[lawrencekaplan@paulhastings.com](mailto:lawrencekaplan@paulhastings.com)

Jason Shafer

+1-202-551-1884

[jasonshafer@paulhastings.com](mailto:jasonshafer@paulhastings.com)

Paul Hastings LLP

Stay Current is published solely for the interests of friends and clients of Paul Hastings LLP and should in no way be relied upon or construed as legal advice. The views expressed in this publication reflect those of the authors and not necessarily the views of Paul Hastings. For specific information on recent developments or particular factual situations, the opinion of legal counsel should be sought. These materials may be considered ATTORNEY ADVERTISING in some jurisdictions. Paul Hastings is a limited liability partnership.

Copyright © 2025 Paul Hastings LLP.