

THE TAKEOVER PANEL

Winchester London Trust Ltd. ("WLT")

Under the Take-over Code a mandatory bid obligation does not arise on the dispersal of a block of shares carrying 30% or more of the voting rights, provided that the shares are not transferred to one person or a group of persons acting in concert.

In May, 1974 the Panel executive dealt with a case involving the above-named company where Mr. S.G. Jefcoate, then holding some 40%, wished to dispose of his holding, the major part of which was to be purchased by Bovis Limited ("Bovis"), where Mr. Jefcoate was to become an executive director. In accordance with normal practice the executive confirmed that no bid for WLT would be required provided no person would himself or with others acting in concert with him subsequently hold more than 30% of WLT. Bovis then purchased approximately 29%. At the meeting to consider the purchase the board of Bovis was, unfortunately, not made aware of the fact that one of its directors, Mr. N. Vincent, already had a holding of 73,250 shares in WLT (approximately 2.6%).

When the WLT report and accounts for the year ended 31st December, 1973 were issued in May, 1975, it became apparent that Bovis and Mr. Vincent between them held nearly 32% of WLT. The Panel would normally consider that the holdings of a company and its directors in another company should be aggregated and regarded as the holding of a group acting in concert for the purposes of the Code. The matter was therefore investigated by the Panel executive who concluded that, while it was a matter of regret that Mr. Vincent had not appreciated the significance under the Code of his own holding, the other directors of Bovis had not been aware of the position, and that had they been so aware Bovis would have purchased a correspondingly lower number of shares from Mr. Jefcoate. The executive ruled that in these circumstances a bid by Bovis would not be required but that the position should be rectified by the total holding of the parties being reduced to under 30%. This was done and an announcement was made on 10th June, 1975.

The correctness of the executive's ruling was contested by a shareholder in WLT and following a lengthy correspondence that shareholder's appeal was presented to the full Panel on 22nd October. Having given the matter careful consideration the Panel decided that on the facts of the case the executive's ruling was correct. The appeal was therefore dismissed.

29th October, 1975.