

THE TAKEOVER PANEL

The Council for the Securities Industry and the Panel on Takeovers and Mergers has today published some amendments to the Rules Governing Substantial Acquisitions of Shares ("SARs"), an amendment to the City Code and amendments to two Practice Notes.

1 SARs:

The amendments to the SARs are to facilitate the administration of tender offers by requiring copies of announcements and circulars to be delivered to the Panel and by requiring the text of "off-market" tender offer announcements and settlement arrangements to be approved by the Panel in advance.

2 The Code:

A new subsection is added to Rule 35 addressing the actions of a person who holds over 50% of an offeree company who either has reached that position following a successful full offer or, having reached that position some time ago, has made an offer to the minority. The new rule requires that such a person does not purchase outstanding shares in the offeree company or make an offer for the minority at a higher price than that made available under his previous offer within six months of the closing of that offer.

3 The Practice Notes:

(a) Practice Note No 11:

Paragraphs 3 and 4 have been amended to clarify the position relating to "no increase statements" and "shut off notices" and to introduce a further exception enabling an offeror to increase its offer even if it has stated it to be "final" or made a "no increase" statement, if the board of the offeree

company recommends the new increased offer for acceptance. Similarly, an offeror which has declared its offer unconditional in all respects will be permitted to revise its offer to outstanding minority shareholders if it is prepared to extend the revised terms to all those who have already accepted its offer.

(b) Practice Note No 17: Rules 22, 32, 33 and 34:

The existing entry in this Practice Note has been expanded to explain the purpose behind the practice and to make it clear that an offeror can only purchase shares which give rise to a mandatory bid obligation under Rule 34 of the Code if the offer is capable of remaining open for at least 14 days from the time when written notification of the terms of the mandatory offer are posted to the offeree shareholders.

14 October 1983