

The Secretary to the Code Committee
The Takeover Panel
One Angel Court
London
EC2R 7HJ

July 26 2024

Dear Sir/Madam,

RE: The Takeover Code Consultation

I am writing to you on behalf of The Investment Association (the IA). The Investment Association (IA) champions UK investment management, a world-leading industry which helps millions of households save for the future while supporting businesses and economic growth in the UK and abroad. Our 250 members range from smaller, specialist UK firms to European and global investment managers with a UK base. Collectively, they manage £8.8 trillion for savers and institutions in the UK and beyond. The UK asset management industry is the largest in Europe and the second largest globally.

We have read with interest the Code Committee's consultation paper on the proposed amendments to the Takeover Code.

Private markets have seen a significant expansion, with global assets under management surpassing \$12 trillion in 2022. These markets are becoming vital for investors, including IA members, who aim for substantial long-term returns. The IA is supportive of the progressive actions of policymakers that contribute to the expansion of private growth companies in the UK including the development of an intermittent trading venue to boost liquidity, which would benefit companies in their growth and investment attraction efforts to potential investors.

The proposed new framework which narrows the scope of the Code to companies that are registered and listed, or were recently listed, in the UK, is a welcome development. This refocusing ensures that there is no unnecessary extension of the Code's provisions to entities for which they were not intended.

We broadly agree with the proposed amendment to exclude private companies from the Code's purview. This exclusion of private companies from the Code will recognise the unique nature of private company transactions and the need for a regulatory approach that is tailored to the risks and characteristics of these entities. The amendments to this Code will provide clarity and certainty for market participants, and it aligns with our understanding of the Code's intent to govern primarily publicly listed investment companies.

We appreciate the Committee's consideration of transitional arrangements, which we believe are essential to ensure a smooth transition for affected companies and stakeholders affected. We also agree that the three-year "run-off" period for a company that ceases to be UK-listed is a balanced approach. It provides sufficient time for the company to adjust to these changes.

The Investment Association

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We also agree with the proposal that the Panel should have the ability to grant a waiver from the application of some of the provisions of the Code in respect of a company which has ceased to be “UK-listed.” This flexibility is beneficial for addressing unique circumstances that may not be adequately covered by a one-size-fits-all approach.

The application of the current Code to unlisted companies is seemingly unusual compared to other jurisdictions, which tend to instead apply a more direct regulatory approach. Removing the application of the Code to unlisted companies can therefore be said to be bringing the UK’s approach in line with other jurisdictions and potentially removing a competitive barrier to investment in unlisted companies in the UK.

Each jurisdiction balances investor protection, market efficiency, and corporate governance differently however, and we do encourage the Code Committee to conduct further analysis to determine whether there could be any unintended consequences with regard to competition within private markets as a result of these changes.

We would be happy to facilitate further discussion between our membership and Committee to discuss this topic, and indeed look forward to continuing to engage with all regulators, policy makers, and key stakeholders as part of our industry’s ongoing collective efforts aim to improve the UK’s corporate and investment landscape, ultimately benefitting end investors and the broader economy.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Galina Dimitrova', with a stylized flourish at the end.

Galina Dimitrova
Director, Investment and Capital Markets