



COMPANIES TO WHICH THE TAKEOVER CODE APPLIES (PCP 2024_1)

Issued 23 July 2024

ICAEW welcomes the opportunity to comment on the consultation *Companies to which the Takeover Code applies (PCP 2024_1)* published by the Takeover Panel on 24 April 2024, a copy of which is available from this [link](#).

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For more information, please contact: CFF@icaew.com

ICAEW

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
T +44 (0)1908 248 250 F +44 (0)20 7920 0547 icaew.com

The Institute of Chartered Accountants in England and Wales (ICAEW) incorporated by Royal Charter (RC000246)
Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

ANSWERS TO SPECIFIC QUESTIONS

Q1. Should the scope of the Code be narrowed to apply only to a company which is “UK-listed” or which was “UK-listed” at any time during the three years prior to the relevant date?

1. We agree with the proposal to narrow the scope of the Code and the specific examples that are to be carved out of scope are helpful.
2. Is the Panel involved in or aware of arrangements (including regulatory and any/or UK governmental initiatives) for informing companies that, on implementation date, they will become “transition companies”? Equally, guidance will also be necessary to help such companies communicate the implications to shareholders and support meaningful consideration (which may include shareholder consultation) of alternative arrangements.

Q2. Do you agree that the “run-off” period for a company which ceases to be UK-listed should be three years?

3. A “run-off” period of three years for companies which cease to be UK-listed will provide certainty.
4. Would the Code Committee consider allowing for a shorter period if, before the end of the three years, a company can demonstrate it has taken steps to give meaningful consideration to alternative arrangements including (if considered appropriate) consulting with shareholders on the same and taken appropriate action (if relevant)?

Q3. Should the Panel have the ability, where appropriate, to grant a waiver from the application of some or all of the provisions of the Code in respect of a company which has ceased to be “UK-listed”?

5. We agree with the proposal that the Panel should have the ability to grant a waiver in the situation described and would also support wider application of the Panel’s discretion, eg as described in paragraph 5, that is, where a company can demonstrate that it has already taken appropriate action to consider alternative arrangements and (if relevant) implemented any specific arrangements.

Q4. Do you have any comments on the proposed new section 3(a) of the Introduction?

6. Consistent with earlier comments, we would support inclusion in new section 3(a)(iv) of other conditions where the Panel may grant a waiver from the application of some or all of the provisions of the Takeover Code.

Q5. Should the new section 3(e) of the Introduction with regard to the cancellation of admission to trading be introduced as proposed?

7. We agree with new section 3(e) of the Introduction. Additionally, a Practice Statement on basic considerations for companies would, in our view, support effective consultations with the Panel and help introduce consistency.

Q6. Do you have any comments on the minor and consequential amendments?

8. We have no comments on those amendments.

Q7. Should the transitional arrangements be introduced as proposed?

9. We support introduction of the transitional arrangements as proposed. Their complexity, however, should not be underestimated. In our view, the Regulated Markets and MTFs ought to publish guidance for directors for performing analysis of alternative arrangements the protection of shareholders, and to make timely disclosures on, or shortly following, the implementation date. Is the Panel aware of guidance being planned?
10. To aid implementation, the Transition Appendix in Appendix B of the PCP should, when finalised in a Response Statement, also be published in a Practice Statement.

Q8. Do you agree that the length of the transitional period should be three years?

11. It makes sense for the standard transitional and “run-off” periods to be of a consistent length.

Q9. Do you have any comments on the proposed new section 3(a)(iii) of the Introduction or the new Transitional Appendix?

12. We agree with proposed new section 3(a)(iii) of the Introduction.
13. The new Transitional Appendix could usefully include the definition for “relevant date”.