

THE TAKEOVER PANEL

CODE COMMITTEE

Terms of Reference

1. Establishment

- 1.1 The Panel on Takeovers and Mergers (the “Panel”) hereby establishes a committee of the Panel, to be known as the Code Committee (the “Committee”).
- 1.2 The Panel hereby delegates certain functions (as set out in paragraph 2 below) to the Committee.

2. Purpose and functions of the Committee

- 2.1 The purpose and functions of the Committee are:
 - (a) to exercise the rule-making functions of the Panel and, consequently, to keep the City Code on Takeovers and Mergers (the “Code”) (other than those matters set out in sections 1, 2(a) and (b), 4(a), (b) and (c), 5, 7, 8, 13, 14, 15 and 16 of the Introduction to the Code (the “Excluded Matters”)) and the Rules of Procedure of the Hearings Committee under review in order to establish whether and when amendments need to be made;
 - (b) acting on its own initiative or as a result of proposals from the Panel, the Panel Executive or another source, to formulate and propose such amendments to the Code (other than the Excluded Matters) as it considers necessary or appropriate;
 - (c) in accordance with the Procedures for Amending the Takeover Code adopted pursuant to paragraph 6 below, to consult on proposed

amendments to the Code (other than the Excluded Matters) and to respond to such consultation with the Committee's conclusions;

- (d) to adopt and amend, as it considers necessary or appropriate, the Code (other than the Excluded Matters);
- (e) in consultation with the Hearings Committee, to propose and adopt the Rules of Procedure of the Hearings Committee and to formulate, propose and consult on (in accordance with the Procedures for Amending the Takeover Code adopted pursuant to paragraph 6 below) such amendments to those Rules of Procedure as the Committee considers necessary or appropriate, to respond to such consultation with the Committee's conclusions and to amend, as it considers necessary or appropriate, those Rules of Procedure;
- (f) to undertake the formalities relating to publication and certification of rules and amendments to rules referred to at paragraph 7 below; and
- (g) to do anything that it considers necessary or expedient for the purposes of, or in connection with, its functions.

2.2 The Panel shall provide the Committee with such resources as it needs to carry out its functions. In performing each of the functions described above, the Committee shall liaise with and receive assistance from the Panel and the Panel Executive.

2.3 The Committee shall not exercise rule-making functions set out in paragraphs 2.1(a) to (g) above in respect of proposed amendments to the Excluded Matters, or in respect of rules adopted or to be adopted in relation to Panel fees or charges in accordance with relevant legislative requirements.

3. Composition of the Committee

- 3.1 Membership of the Committee shall comprise those members of the Panel appointed by the Panel and designated as members of the Committee.
- 3.2 In performing their functions on the Committee, the members of the Committee shall act independently and shall exercise their own judgment as to how to perform their functions and how to vote.
- 3.3 The number of members of the Committee shall be determined by the Panel from time to time, provided that at no time shall there be more than twelve or fewer than five members of the Committee.
- 3.4 The chairman of the Committee shall be appointed by the Panel, upon the recommendation of the Nomination Committee.
- 3.5 The terms of appointment of the members of the Committee, including tenure, resignation and removal, shall be governed by the terms of their appointment to the Panel.
- 3.6 No person who is or has been a member of the Committee may simultaneously or subsequently be a member (or an alternate of a member) of the Hearings Committee or the Takeover Appeal Board. No member of the Committee may act as an officer or member of staff of the Panel in relation to any proceedings before the Hearings Committee or the Takeover Appeal Board.
- 3.7 The names of members of the Committee shall be made available on the Panel's website.
- 3.8 The validity of any acts or proceedings of the Committee shall not be affected by any vacancy among the membership of the Committee or by any defect in the appointment of any Committee member.

- 3.9 A member of the Panel Executive's permanent staff shall be appointed as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Meetings

- 4.1 All business of the Committee shall be transacted at duly convened meetings of the Committee or by way of written resolution. Meetings may be held by telephone or audio-visual communication.
- 4.2 The Committee shall meet at least once a year and otherwise as required.
- 4.3 The chairman of the Committee may, at his or her discretion, convene meetings of the Committee at such time and in such a manner as he or she considers appropriate in order to conduct any matters that fall within its functions. The chairman of the Committee shall determine, from time to time, the applicable procedures by which the business of the Committee shall be conducted.
- 4.4 Any member of the Committee may request that the chairman of the Committee call a meeting of the Committee.
- 4.5 The quorum for transaction of business at a meeting of the Committee shall be five.
- 4.6 In the absence of the chairman of the Committee, the remaining members present shall elect one of themselves to chair the meeting.
- 4.7 All decisions and resolutions of the Committee shall be made by a majority vote of those members present at a meeting of the Committee. In the event of a deadlock, the chairman of the meeting shall have a casting vote.

- 4.8 A resolution or decision in writing signed or approved by letter or electronic communication by or on behalf of a majority of the members of the Committee shall be as valid and effectual as if it had been passed at a quorate meeting of the Committee duly convened and held. Any such resolution may be contained in one document or in several documents in the same terms each signed or agreed via electronic communication by one or more of the members.
- 4.9 Appropriate minutes of all meetings of the Committee, recommendations made and resolutions passed shall be kept.
- 4.10 Copies of the minutes of the meetings shall be circulated by the secretary to all members of the Committee.

5. Authority

- 5.1 Without prejudice to the generality of the authority conferred upon the Committee necessary for the purpose of fulfilling its functions as set out in paragraph 2 above, the Panel confers the following authorities:
- (a) the Committee is hereby authorised by the Panel to request any information it reasonably requires from any member of the Panel, or any officer or employee (including secondees) of the Panel, in connection with the performance of its functions, other than information on confidential matters relating to any ongoing case, transaction or other matter;
 - (b) the Committee is hereby authorised by the Panel to obtain external legal or other independent professional advice and to secure the attendance at its meetings of third parties, including members of the Panel Executive, with the relevant experience and expertise if it considers this to be necessary for the fulfilment of its functions, at the Panel's expense;

- (c) the chairman of the Committee is hereby authorised by the Panel to sign a certificate in accordance with paragraph 7.3 below in the manner prescribed in relevant legislation; and
- (d) the Committee may confer upon the chairman of the Committee the authority to act on its behalf in circumstances specified by the Committee.

6. Procedures for Amending the Takeover Code

- 6.1 The Committee shall establish and adopt procedures for the performance of its functions (the “Procedures”) and may vary or amend the Procedures from time to time as it sees fit. The Committee shall follow the Procedures when considering and consulting on proposals for amendments to the Code (other than the Excluded Matters) and the Rules of Procedure of the Hearings Committee.
- 6.2 In certain exceptional cases, the Committee may consider it necessary to amend the Code on an expedited basis, for example because a particular market development appears to the Committee to require that the proposed amendment be made more quickly than the usual public consultation process would permit. In such cases, the Committee may publish the amendment with immediate effect followed in due course by a consultation seeking views on the amendment, which might be later modified or removed altogether depending on the Committee’s conclusions following the consultation process.
- 6.3 Where, in the opinion of the Committee, any proposed amendment to the Code either does not materially alter the effect of the provision in question or is a consequence of changes to relevant legislation or regulatory requirements, the Committee may publish the text of the amendment without any formal consultation process.

7. Formalities, Publication and Certification Procedures

- 7.1 As required by the relevant legislation, any rules made by the Committee must be made by an instrument in writing.
- 7.2 Where the Committee adopts rules or makes amendments to rules, it shall, in accordance with legislative requirements, make the text available to the public, normally by publishing the instrument containing the rules on the Panel's website.
- 7.3 The instrument containing the rules shall subsequently be endorsed with a certificate signed by the chairman of the Committee stating:
- (a) that the instrument was made by the Panel, acting through the Committee;
 - (b) that the copy is a true copy of the instrument; and
 - (c) the date on which the text of the instrument was made available to the public in accordance with relevant legislative requirements.

8. Other matters

- 8.1 The Committee shall arrange for periodic reviews of its terms of reference and constitution, at least every three years, and recommend any changes it considers necessary or appropriate to the Panel for approval.

Adopted by the Panel on 13 July 2016 with effect from 12 September 2016