

THE TAKEOVER PANEL

PRACTICE STATEMENT NO. 1

RULE 20.1 – EQUALITY OF INFORMATION TO SHAREHOLDERS AND THE POLICING OF MEETINGS

Rule 20.1 provides that information about parties to an offer must be made equally available to all offeree company shareholders and persons with information rights as nearly as possible at the same time and in the same manner. This Rule is derived from General Principle 1, which is a fundamental principle of the Takeover Code in providing protection to shareholders in the offeree company.

Note 3 on Rule 20.1 permits representatives of the offeror or offeree company, or their respective advisers, to hold meetings with shareholders of, or other persons interested in the securities of, either the offeror or the offeree company, or with analysts, brokers or others engaged in investment management or advice, both prior to and during the offer period, provided that no material new information is forthcoming and no significant new opinions are expressed. In order to ensure that this is the case, except with the consent of the Panel, an appropriate representative of the financial adviser or corporate broker to the offeror or the offeree company is required to attend the meeting and to confirm in writing to the Panel that these requirements have been met.

The Panel Executive wishes to make the following points regarding the application of Rule 20.1.

1. The requirements set out in Note 3 on Rule 20.1 apply to all types of meetings, both formal and informal, other than meetings by chance.
2. Financial advisers and corporate brokers policing meetings are reminded that they are required to provide the Executive with the written confirmation referred to in Note 3 on Rule 20.1 by no later than 12 noon on the business day

following the meeting. Timely provision of the written confirmation is essential in order for the Executive to be satisfied that shareholders have had access to the same information in making decisions as to offer acceptance, voting and dealing in relevant securities during the offer period.

3. The letter of confirmation should be signed personally by an appropriate representative of the financial adviser or corporate broker who attended the meeting. Signature by a colleague on behalf of the financial adviser or corporate broker who attended the meeting is not acceptable.
4. Note 3 on Rule 20.1 draws a distinction between meetings held prior to the offer period and meetings held during the offer period. In the event that material new information has been forthcoming or significant new opinions have been expressed in meetings held prior to the offer period, the financial adviser or corporate broker will be required to confirm to the Executive that the information and/or opinions will be included in the announcement to be made under Rule 2.7. If and when such an announcement is made, advisers should take care to ensure that the relevant information and/or opinions are incorporated in the announcement.
5. In the case of meetings held during the offer period, in the event that material new information has been forthcoming or significant new opinions have been expressed, a circular giving details of such information or opinions will be required to be sent to shareholders and persons with information rights as soon as possible thereafter. However, the Executive may agree to a meeting being held during the offer period provided that, instead of a circular being sent to shareholders, written confirmation is given to the Executive that the information and/or opinions will be included in the announcement to be made under Rule 2.7.
6. It is common practice for meetings to be held prior to the commencement of an offer period or prior to the publication of an announcement under Rule 2.7, for example, to gather irrevocable commitments, to ascertain the views of selected

major shareholders or to procure financing commitments. In such cases, it is also common practice for the persons present at such meetings to be provided with written presentations. Advisers should take care to ensure that any material information or significant opinions contained in such presentations (or otherwise disclosed at such meetings) are confined to information and opinions which have already been made public. Where information or opinions are included in presentations, the Executive is likely to regard the information as “material” or the opinions as “significant”. Accordingly, any such new information and/or opinions would need to be published in a shareholder circular or included in the announcement to be made under Rule 2.7.

7. The tests as to whether any information or opinion is “new” and whether the information is “material” or the opinion “significant” have to be applied in the context of the circumstances of each case. The application of the tests of materiality and significance, in particular, are not always straightforward and, in cases of doubt, companies or their advisers are advised to consult the Executive.
8. The fact that information given during such meetings is based upon information which has previously been made publicly available does not preclude it from being regarded as “new” and therefore falling within Note 3 on Rule 20.1. For example, the provision of financial data or statistics which have been calculated from publicly available data or statistics may fall within the Note, even where the data or statistics have been arrived at following a simple arithmetic process. It is also relevant to consider whether the information which is given is new in the manner in which it has been presented.
9. Rule 20.1 applies equally to significant new opinions of the offeror or the offeree company on an offer as it does to factual information released by or on behalf of either such party, even if such opinions are based on publicly available information. As a result, it is not acceptable for an offeror or offeree company or their respective advisers to make significant arguments in support of or against an offer to selected shareholders, analysts, brokers or fund managers

unless these opinions have been disclosed to all shareholders and to the market generally by means of a circular and/or a public announcement.

The Executive should be consulted in case of doubt.

Practice Statements are issued by the Panel Executive to provide informal guidance to companies involved in takeovers and practitioners as to how the Executive normally interprets and applies relevant provisions of the Takeover Code in certain circumstances. Practice Statements do not form part of the Code. Accordingly, they are not binding on the Executive or the Panel and are not a substitute for consulting the Executive to establish how the Code applies in a particular case. All Practice Statements issued by the Executive are available on the Panel's website at www.thetakeoverpanel.org.uk.

12 February 2004

Last amended 19 September 2011