

# THE TAKEOVER PANEL

## PRACTICE STATEMENT NO. 16

### NOTE 5 ON THE DEFINITION OF ACTING IN CONCERT – STANDSTILL AGREEMENTS

Note 5 on the definition of “acting in concert” states as follows:

*“5. Standstill agreements*

*Agreements between a company, or the directors of a company, and a person which restrict that person or the directors from either offering for, or accepting an offer for, the shares of the company or from increasing or reducing the number of shares in which he or they are interested, may be relevant for the purpose of this definition. In cases of doubt, the Panel should be consulted.”*

The Executive wishes to clarify that where an agreement of this kind is entered into the Executive will not normally consider a concert party to exist between the parties to the agreement provided that the agreement does not in any way restrict any of those parties from either (i) accepting an offer for the company’s shares at any stage or (ii) agreeing to accept any offer for the company’s shares either before or after its announcement.

The same would normally apply to an agreement of this kind to which the company’s financial or nominated adviser and/or its sponsor(s) and/or underwriter(s), rather than the company itself (and/or its directors), was a party – for example, an agreement entered into at the time of an equity offering with a view to ensuring an orderly aftermarket in the company’s shares.

Where parties intend to enter into agreements of this kind to which neither the company (and/or its directors) nor its financial or nominated adviser, its sponsor(s) or underwriter(s) is a party (for example, an agreement between two shareholders), or in any other cases of doubt, the Panel should be consulted in advance.

This Practice Statement supersedes the statement on standstill agreements contained in the Panel's 1995-1996 Annual Report.

*Practice Statements are issued by the 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 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](http://www.thetakeoverpanel.org.uk).*

22 August 2006