

THE TAKEOVER PANEL

TENDER OFFERS

The Panel has reviewed the operation of tender offers made under the Rules Governing Substantial Acquisitions of Shares ("the SARs") because, in particular, such offers have recently included a share, rather than a cash, consideration and top-up* arrangements. The review concluded that such features should not be permitted.

The Panel considers that a tender offer is simply a mechanism to permit an acquisition of shares in a company to be made at a rate faster than is otherwise permitted by the SARs since the opportunity to sell is open to all shareholders. Tender offers, therefore, should be straightforward proposals to shareholders to sell their shares for cash. If more complex proposals are to be put to shareholders, the Panel considers they should be made by means of a comprehensive offer document issued pursuant to the Take-over Code's requirements for partial offers.

Amendment to Rule 4.1 (c) of the SARs

The following sentence, therefore, replaces the first sentence of Rule 4.1 (c).

"A tender offer must be for cash only but may be at a fixed price or a maximum price; top-up arrangements are not permitted."

This amendment takes place with immediate effect.

3 August 1987

* A typical top-up arrangement is an arrangement where there is a promise to make good to a vendor of shares any difference between the sale price and the price of a subsequent successful offer.