

THE TAKEOVER PANEL

FINANCE AND AUDIT 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 Finance and Audit Committee (the “Committee”) to combine the functions of a finance committee and an audit 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

The purpose of the Committee is to:

2.1 review the financial statements of the Panel with a view to recommendation for adoption by the Panel (see 4 below) together with monitoring internal controls and the external audit process;

2.2 review income and expenditure, and set the annual budget of the Panel;

2.3 report to the Panel on a regular basis on the Panel’s financial position;

2.4 consider and recommend to the Panel the size and extent of the levy on securities transactions;

- 2.5 consider and recommend to the Panel the size and extent of the charges payable on offer documents, whitewash documents and any other documents which are subject to a document charges levy by the Panel;
- 2.6 supervise the management of the Panel's accumulated surplus; and
- 2.7 consider and recommend to the Panel whether any rebate of document charges should be made and, if so, the quantum.

3. Composition of the Committee

- 3.1 Membership of the Committee shall comprise persons drawn from the membership of the Panel and, if determined by the Panel, other individuals who need not be members of the Panel. Such other individuals may include persons who are also designated alternates for members of the Panel, but who, if appointed as members of the Committee, shall be members of the Committee in their own right. The Committee shall also include one of the Deputy Chairmen of the Panel.
- 3.2 Members of the Committee shall be appointed by the Nomination Committee.
- 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 less than four members of the Committee.
- 3.4 The members of the Committee shall appoint the chair of the Committee.
- 3.5 Members of the Committee shall serve until resignation or, if earlier, (i) until ceasing to be a member of the Panel or (ii) in the case of any member of the Committee who is not a member of the Panel, until the appointment is terminated by the Panel.

4. Financial Reporting and Annual Accounts

4.1 The Committee shall monitor the integrity of the financial statements of the Panel, including its annual accounts, reviewing significant financial reporting issues and judgements which they contain.

4.2 The Committee shall review and challenge where necessary:

- the consistency of, and any changes to, accounting policies;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Panel has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; and
- all material information presented with the financial statements.

4.3 Internal Controls and Risk Management Systems

Keep under review the effectiveness of the Panel's financial controls and risk management systems.

4.4 External Audit

The Committee shall, in overseeing the relationship with the external auditor, consider and make recommendations to the Panel for approval as and where necessary, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.

5. Meetings

- 5.1 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.
- 5.2 A meeting of the Committee may be called by any member of the Committee.
- 5.3 The quorum for transaction of business at a meeting of the Committee shall be three.
- 5.4 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.
- 5.5 A resolution or decision in writing signed or approved by letter, facsimile, telegram, telex or e-mail by or on behalf of a majority of the members of the Committee, shall be 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 by one or more of the members.
- 5.6 Appropriate minutes of all meetings of the Committee, recommendations made and resolutions passed shall be kept.
- 5.7 Copies of the minutes of the meetings shall be circulated to all members of the Committee and to the Chairman of the Panel.

6. Authority

- 6.1 The Committee or the Chairman of the Committee is hereby authorised by the Panel to do anything it considers necessary or expedient for the purposes of, or in connection with its functions.
- 6.2 The Committee or the Chairman of the Committee is hereby authorised by the Panel to establish procedures for the performance of its functions and to vary or amend such procedures from time to time, as it or he sees fit.
- 6.3 The Committee is hereby authorised by the Panel to delegate to the Panel Executive those of its functions as it sees fit.
- 6.4 The Committee is hereby authorised by the Panel to obtain external financial, accounting, audit or other independent professional advice and to secure the attendance at its meetings of third parties with the relevant experience and expertise if it considers this to be necessary for the fulfilments of its duties, at the Panel's expense.
- 6.5 The Committee is hereby authorised by the Panel to arrange and agree the terms of the Panel's banking arrangements and facilities including, without limitation, the size of any overdraft.

These Terms of Reference (subject to future amendment by the Panel) replace and substitute in entirety any previous terms of reference for the Finance Committee.

8 July 2009