

THE TAKEOVER PANEL

PUBLICATION OF PRACTICE STATEMENT NO 31, WITHDRAWAL OF PRACTICE STATEMENTS NOS 3 AND 6 AND AMENDMENT OF PRACTICE STATEMENT NO 20

The Panel Executive has today published Practice Statement No 31 (Strategic reviews, formal sale processes and other circumstances in which a company is seeking potential offerors). Practice Statement No 31 describes the way in which the Executive normally interprets and applies certain aspects of Rule 2 (Secrecy before announcements; the timing and contents of announcements), Rule 21.2 (Inducement fees and other offer-related arrangements) and Rule 21.3 (Equality of information to competing offerors) in circumstances in which a company wishes:

- (a) to make an announcement that it is conducting a strategic review of its business, which in certain cases may include an offer for the company as a possible outcome;
- (b) to conduct a “formal sale process” and benefit from the dispensations referred to in Note 2 on Rule 2.6 and Note 2 on Rule 21.2; or
- (c) otherwise to seek one or more potential offerors.

Section 2 of Practice Statement No 31 incorporates the relevant contents of Practice Statement No 6 (Strategic review announcements), which has accordingly been withdrawn. In paragraph 2.4 of Practice Statement No 31, the Executive has made a minor amendment to the contents of the previous Practice Statement No 6 to confirm its view that if, at the time that a strategic review announcement which refers to an offer is made, the offeree company is not in talks with any potential offeror and is not in receipt of any approach with regard to a possible offer, this should be stated in the announcement.

Section 4 of Practice Statement No 31 incorporates the relevant contents of Practice Statement No 3 (Controlled auctions), which has accordingly been withdrawn. The Executive has made minor amendments to the content of the previous Practice Statement No 3. In particular, in paragraph 4.5 of Practice Statement No 31, the Executive has confirmed its view that the announcement of the commencement of a formal sale process will be treated as equivalent to the announcement of the existence of a potential offeror to which information has been given. Accordingly, under Rule 21.3, following the announcement of a formal sale process, any information passed to any potential offeror participating in the process must, on request, be passed to a bona fide potential competing offeror, even if that party is not participating in the formal sale process.

In addition, Practice Statement No 20 has been amended to update the cross-reference to Practice Statement No 6 in paragraph 5.13 to refer to Practice Statement No 31.

Practice Statement No 31 and the amended Practice Statement No 20 are available on the [Practice Statements](#) page of the Panel's website and the Practice Statements which are included in the electronic version of the Takeover Code have been amended. Printed copies of Practice Statement No 31 and the amended pages of Practice Statement No 20 will be despatched to subscribers in due course.

7 July 2017