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The Secretary to the Code Committee
The Takeover Panel
10 Paternoster Square
London
EC4M 7DY

27 September 2012

Dear Sir

PCP 2012/2: Pension Scheme Trustee Issues

I am responding with brief comments from our Association in response to your consultation paper. Our members have a particular interest as institutional investors in ensuring an effective framework of regulation of takeovers in the UK listed equity markets and we support the efforts of the Takeover Panel and of the Code Committee in undertaking the current consultation in furtherance of that objective.

In summary, we consider that the Panel has taken a carefully judged and proportionate decision in accepting the case for allowing a similar opportunity to pension scheme trustees as given to employee representatives to scrutinise offers and append their opinion within the documentation sent to shareholders.

In practice, the UK's Pensions Regulator has significant powers in respect of transactions that might weaken the solvency of schemes and therefore it will generally be the case that the concerns of pension scheme trustees will already be addressed and appropriate remedies will be required. Accordingly, the impact of the Code Committee's proposed changes on the out-turn of offers may not be material in practice. Nevertheless, we consider that pension scheme related issues are of similar relevance to shareholders in exercising their judgment as to what is in the best interests of the company as regards the specific employee perspectives in turn referred to in Directors' Duties under the UK's Companies Act 2006. This is relevant notwithstanding the fact that pension scheme trustees do not have the same standing as representatives of employees within the EU Takeovers Directive.

Yours sincerely,

Michael McKersie
Assistant Director, Head of Capital Markets