

THE TAKEOVER PANEL

THE FINANCING OF THE TAKEOVER PANEL

Since 1978 the Takeover Panel ("the Panel") has been financed by the Council for the Securities Industry (the "CSI"). On 31 March 1986 the CSI will cease to exist and thereafter the Panel will be independently financed.

The CSI's financing, the major part of which is required to meet the cost of the Panel, comes from two sources. Firstly, a contribution is made by each of the bodies represented on the CSI; from 1 April a contribution will be made to the Panel by each of the bodies represented on the Panel. Secondly, a levy of 60p is charged on certain contract notes relating to transactions in the UK securities either appearing in the Stock Exchange Daily Official List or dealt in on the Unlisted Securities Market. The levy applies to purchase and sale transactions in securities, having a nominal value expressed in sterling, for which the consideration to the client is in excess of £5,000 and in respect of which a contract note is issued. The levy is chargeable on transactions inside and outside the central market carried out by certain organisations which are members of bodies represented on the CSI. It has been decided that the levy should remain in force for the year to 31 March 1987, although it will now be payable to the Panel by organisations which are represented on the Panel. In the course of that year a further review of the financing of the Panel will be carried out.

In addition to the proceeds of the levy and the direct contributions, it is necessary for the Panel to raise further finance to cover increasing costs. The Panel considers it appropriate that a proportion of its financing should now be provided by offerors involved in take-overs. A document charge will therefore be payable on all offers valued at £1 million or more. The size of the charge will depend upon the value of the offer and a table setting out the scale is included in the attached appendix together with details of the method of calculating the value of the offer and of the arrangements regarding payment. The document charge will be payable in respect of all initial offer documents posted on or after 1 April 1986.

6 March 1986

APPENDIX

(1) SCALE OF DOCUMENT CHARGE

<u>Value of the offer</u>	<u>Charge</u>	Charge as a maximum % of the value of the offer
£	£	
1 million to 5 million	1,000	0.1%
5 million to 10 million	3,000	0.06%
10 million to 25 million	5,000	0.05%
25 million to 100 million	7,500	0.03%
Over 100 million	20,000	0.02%

(2) VALUATION OF THE OFFER

The charge will be based on the value of the offer on the date the offer document is posted (or the nearest relevant earlier date). Where there are alternative forms of consideration, the alternative with the highest value will be used to calculate the value of the offer. Offers for all classes of equity share capital will be included in the calculation of the value of the offer, but offers for non-equity share capital, convertibles, options, etc will not.

(3) "WHITEWASH" DOCUMENTS

A standard document charge of £1,000 will be payable on all whitewash documents where, had a mandatory offer been made, its value would have been £1,000,000 or more.

(4) MERGERS

Where a merger is effected by an offer for both companies by a new company created to make the offers, the charge will be determined by the value of the lower of the two offers.

(5) TENDER OFFERS

The document charge does not apply to tender offers under the Substantial Acquisitions Rules.

(6) PAYMENT OF THE DOCUMENT CHARGE

The financial adviser to the offeror (or, if there is no financial adviser, the offeror) is responsible for the payment of the document charge to the Panel except in the case of a whitewash document when the financial adviser to the offeree company is responsible. Payments should be sent to the Panel when documents are posted.

(7) REVISION

If an offer is revised and that revision takes the value of the offer into a higher band in the table of charges, the additional amount should be sent to the Panel when the revised offer document is posted.

6 March 1986