



NOTE TO ADVISERS IN RELATION TO RE-REGISTERING A PUBLIC COMPANY AS A PRIVATE COMPANY

NB This note applies only to an unquoted public company which is a “transition company” falling within [section 3\(a\)\(iii\) of the Introduction](#) and as defined in the [Transitional Appendix](#). It does not apply to an unquoted public company which falls within [section 3\(a\)\(ii\) of the Introduction](#), i.e. a public company whose [securities](#) ceased to be UK quoted (as defined below) on or after 3 February 2025.

1. Introduction

[Section 3\(a\)\(i\) of the Introduction](#) to the Takeover Code (the “Code”) provides that the Code applies to any company which has its registered office in the UK, the Channel Islands or the Isle of Man if any of its [securities](#) are admitted to trading on a [UK regulated market](#)¹, a [UK MTF](#)², or a stock exchange in the Channel Islands or the Isle of Man³ (i.e. a company whose [securities](#) are “UK quoted”).

Under [section 3\(a\)\(ii\) of the Introduction](#), if a company’s [securities](#) cease to be UK quoted on or after 3 February 2025, the Code will continue to apply to the company for a further period of two years from the date on which the [securities](#) cease to be UK quoted (regardless of (i) the company’s place of central management and control, and (ii) whether the company also re-registers as a private company).

Under [section 3\(a\)\(iii\) of the Introduction](#), until 2 February 2027, the Code also applies to an unquoted public or private company (other than a company referred to in [section 3\(a\)\(i\) or section 3\(a\)\(ii\) of the Introduction](#)) to which the Code applied on 2 February 2025 pursuant to [former section 3\(a\) of the Introduction](#) (as defined in the [Transitional Appendix](#)). Such a company is referred to as a “transition company”.

If a transition company which is a public company re-registers as a private company prior to 3 February 2027, the Code will cease to apply to the company, provided that it does not fall within one of the categories described in paragraphs (ii)(A) to (D) of [former section 3\(a\) of the Introduction](#). In other words, the Code will cease to apply unless, within the 10 years preceding the date of the re-registration:

- (A) any of the company’s [securities](#) were admitted to trading on a [UK regulated market](#), a [UK MTF](#), or any stock exchange in the Channel Islands or the Isle of Man; or
- (B) [dealings](#) and/or prices at which persons were willing to deal in any of its [securities](#) were published on a regular basis for a continuous period of at least six months, whether via a newspaper, electronic price quotation system or otherwise; or

¹ The relevant UK regulated markets are the Main Markets operated by the London Stock Exchange and Aquis Stock Exchange

² The relevant UK MTFs are the London Stock Exchange’s AIM market and the Aquis Growth Market

³ The relevant stock exchange in the Channel Islands is The International Stock Exchange

- (C) any of its [securities](#) were subject to a marketing arrangement as described in section 693(3)(b) of the Companies Act 2006; or
 - (D) the company filed a prospectus for the offer, admission to trading or issue of [securities](#) with the registrar of companies or any other relevant authority in the UK, the Channel Islands or the Isle of Man (but in the case of any other such authority only if the filing is on a public record).
- 2. Re-registration of an unquoted public company, which is a transition company, as a private company on or before 2 February 2027 where the Code will cease to apply as none of paragraphs (ii)(A)-(D) of former section 3(a) of the Introduction applies**

As described in [section 3 of the Transitional Appendix](#), if a transition company which is a public company decides to re-register as a private company and, as a result of the re-registration, the Code would no longer apply to the company, early consultation with the Panel Executive (the “**Executive**”) is advised so that guidance can be given on the appropriate disclosure to be made to the company’s shareholders. The Executive expects shareholders, before voting on such a re-registration, to be given an adequate explanation of the Code and the protections of the Code that will cease to apply if the re-registration becomes effective.

To assist advisers, the Executive has prepared the pro forma drafting at **Annex 1** for inclusion in the re-registration circular or explanatory memorandum to be sent to shareholders before the relevant resolution is considered.

Advisers should note that the Code will continue to apply until a re-registration certificate has been issued to the company.

- 3. Re-registration of an unquoted public company, which is a transition company, as a private company on or before 2 February 2027 where the Code will continue to apply as one of paragraphs (ii)(A)-(D) of former section 3(a) of the Introduction applies**

To assist advisers, the Executive has prepared the pro forma drafting at **Annex 2** for inclusion in the re-registration circular or explanatory memorandum where the Code will continue to apply to the company following the re-registration.

4. Recommended procedure to be followed for a re-registration

Where a transition company which is a public company decides to re-register as a private company prior to 3 February 2027, the advisers to the company should:

- (a) contact the Executive to inform it of the proposed re-registration;
- (b) confirm with the Executive whether the company falls within one of the categories described in paragraphs (ii)(A) to (D) of [former section 3\(a\) of the Introduction](#); and

- (c) amend the pro forma drafting at **Annex 1** or **Annex 2** (as appropriate) to take account of the particular facts of the situation and send the draft re-registration circular or explanatory memorandum to the Executive for approval.

Once the re-registration circular or explanatory memorandum has been satisfactorily completed and approved by the Executive, it should be sent to shareholders in good time to ensure that they have an adequate opportunity to consider the implications under the Code of passing the resolution. Holders of convertible securities, options or subscription rights in the company (if any) should also be sent a copy of the re-registration circular or explanatory memorandum at the same time.

Advisers should, as a matter of good practice, confirm to the Executive whether the re-registration resolution is passed and (if applicable) provide the Executive with a copy of the re-registration certificate.

ANNEX 1

Re-registration of an unquoted public company, which is a transition company, as a private company on or before 2 February 2027 where the Code will cease to apply as none of paragraphs (ii)(A)-(D) of former section 3(a) of the Introduction applies

Until 2 February 2027, the Takeover Code (the “**Code**”) applies to certain unquoted public companies and private companies which have their registered offices in the UK, the Channel Islands or the Isle of Man and which are considered by the Takeover Panel (the “**Panel**”) to have their place of central management and control in the UK, the Channel Islands or the Isle of Man, but in relation to private companies only if one of a number of conditions are met.

The Code currently applies to *[the Company]* as an unquoted public company whose place of central management and control is considered by the Panel to be in the *[UK]*. However, none of the conditions referred to in the previous paragraph would apply to *[the Company]* if it were to re-register as a private company. As a result, if the *[Re-registration]* is approved by *[Shareholders]* at the *[General Meeting]* and becomes effective, and *[the Company]* is re-registered as a private company, the Code will cease to apply to *[the Company]* and *[Shareholders]* will no longer be afforded the protections provided by the Code, including the requirement for a mandatory cash offer to be made if either:

- (a) any person acquires an interest in shares which (taken together with the shares in which the person or any person acting in concert with that person is interested) carry 30% or more of the voting rights of the company; or
- (b) any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with that person, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which that person is interested.

Brief details of the Panel, and of the protections afforded by the Code (which will cease to apply following the *[Re-registration]*), are set out in section [] of this document.

Before voting on the *[Re-registration]*, you may want to take independent professional advice from an appropriate independent financial adviser.

The Code

The Code is issued and administered by the Panel. The Code currently applies to *[the Company]* and, accordingly, *[Shareholders]* are entitled to the protections afforded by the Code.

The Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class

are afforded equivalent treatment by an offeror. The Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

The Code is based upon a number of General Principles, which are essentially statements of standards of commercial behaviour. The General Principles apply to takeovers and other matters to which the Code applies. They are applied by the Panel in accordance with their spirit in order to achieve their underlying purpose.

In addition to the General Principles, the Code contains a series of rules. Like the General Principles, the rules are to be interpreted to achieve their underlying purpose. Therefore, their spirit must be observed as well as their letter. The Panel may derogate or grant a waiver to a person from the application of a rule in certain circumstances.

A summary of key points regarding the application of the Code to takeovers generally is set out in **Appendix A**. You are encouraged to read this information carefully as it outlines certain important protections which will no longer apply if the *[Re-registration]* becomes effective.

Your attention is drawn in particular to *[key points in relation to the transaction proposed (if any), including any aspects which would otherwise not comply with the Code]*. ***[In preparing this section, advisers should consider GP1 and Rules 6, 9, 11, 14, 15, 16, 21 and 31. In particular, if, as a result of a proposed transaction, a mandatory offer obligation would arise under Rule 9 but for the re-registration, prominent reference must be made here to this fact and to the price at which the obligation would otherwise arise.]*** Further details are set out in **Appendix B**.

[Details of the arguments in support of re-registering the Company as a private company and giving up the protections of the Code.]

Appendix A

THE TAKEOVER CODE

The following is a summary of key provisions of the Code which apply to transactions to which the Code applies. **You should note that, if [the Company] re-registers as a private company, the protections afforded by the Code will no longer apply.**

Equality of treatment

General Principle 1 of the Code states that all holders of the securities of an offeree company of the same class must be afforded equivalent treatment. Furthermore, Rule 16.1 requires that, except with the consent of the Panel, special arrangements may not be made with certain shareholders in the offeree company if there are favourable conditions attached which are not being extended to all shareholders.

Information to shareholders

General Principle 2 requires that the holders of the securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on the takeover bid. Consequently, a document setting out full details of an offer must be sent to the offeree company's shareholders.

The opinion of the offeree board and independent advice

The board of the offeree company is required by Rule 3.1 to obtain competent independent advice as to whether the financial terms of any offer are fair and reasonable and the substance of such advice must be made known to its shareholders. Rule 25.2 requires the board of the offeree company to send to shareholders and persons with information rights its opinion on the offer and its reasons for forming that opinion. That opinion must include the board's views on: (i) the effects of implementation of the offer on all the company's interests, including, specifically, employment; and (ii) the offeror's strategic plans for the offeree company and their likely repercussions on employment and the locations of the offeree company's places of business. The document sent to shareholders must also deal with other matters such as interests and recent dealings in the securities of the offeror and the offeree company by relevant parties and whether the directors of the offeree company intend to accept or reject the offer in respect of their own beneficial shareholdings.

Rule 20.1 states that, except in certain circumstances, information and opinions relating to an offer or a party to an offer must be made equally available to all offeree company shareholders and persons with information rights as nearly as possible at the same time and in the same manner.

[The following section should be included if the Company has more than one class of equity share capital.]

More than one class of equity share capital

Rule 14 provides that where a company has more than one class of equity share capital, a comparable offer must be made for each class whether such capital carries voting rights or not. ***[Note: if as a result of a proposed transaction, a Rule 14 obligation would arise but for the re-registration, prominent reference must be made to this fact and to the price at which the obligation would otherwise arise.]***

[The following section should be included if the Company has convertible securities in issue or options or subscription rights outstanding.]

Optionholders and holders of convertible securities or subscription rights

Rule 15 provides that when an offer is made and the offeree company has convertible securities, options or subscription rights outstanding, the offeror must make an appropriate offer or proposal to the holders of those securities to ensure their interests are safeguarded.

Appendix B

DETAILS OF THE TRANSACTION

[Details of the proposed transaction (if any) should be included here in order to provide sufficient information to shareholders for them to make an informed decision on the proposed re-registration.]

The following is a guide to what might be expected:

- (a) where the Code company is to be acquired by another party:**
 - (i) the aggregate consideration proposed and what form it will take (e.g. cash/loan notes/shares in the offeror);**
 - (ii) the consideration per share;**
 - (iii) if it is proposed that any element of the consideration will be deferred, the basis on which this is proposed (including full details of any formula to determine the amount payable);**
 - (iv) if it is proposed that any element of the consideration will be withheld (e.g. to cover potential warranty claims), the basis on which this is proposed;**
 - (v) if it is proposed that any element of the consideration will differ between shareholders, the basis on which this is proposed;**
 - (vi) if the acquisition is to be made by way of a sale and purchase agreement, an outline of its principal terms other than those above. In particular, this should include the main warranties and indemnities to be sought from the shareholders, whether there is any cap on the potential liability under such warranties and indemnities (and the quantum of that cap), and whether those warranties or indemnities differ between shareholders;**
 - (vii) if the acquisition is to be made by way of an offer, an outline of its terms other than those above, including the conditions attaching to the offer and an indication of the likely timetable; and**
 - (viii) an outline explanation of any special arrangements between the acquirer and any shareholders other than the proposed consideration as set out above (c.f. Rule 16.1). This might include details of service contracts, option schemes or other incentivisation arrangements for retained management (c.f. Rule 16.2); and**
- (b) where the transaction with regard to the Code company would otherwise generally fall within the scope of the Code (e.g. an acquisition of shares or interests in shares which would otherwise require a mandatory offer to be made under Rule 9, or an issue of new shares which would otherwise require a Rule 9 waiver under Appendix 1 of the Code):**
 - (i) full details of the transaction;**
 - (ii) an outline of the intentions of the new controller and background information on that person;**
 - (iii) the resultant percentage interests in shares of any person who would otherwise breach a Code threshold (e.g. by acquiring interests in shares carrying 30% or more of the voting rights of the company) and the protections that the Code would have provided in those circumstances absent the re-registration;**

- (iv) *the price at which any shares or interests in shares are being transferred (and the Code implications which would arise absent the re-registration);*
- (v) *the ability of the new controller to pass or block ordinary or special resolutions of the company (if applicable); and*
- (vi) *further details as appropriate.*

Advisers should note that the above suggestions are not comprehensive: shareholders should be given sufficient information in order for them to make an informed decision in relation to the proposed re-registration of the Company as a private company. In order to do this, it is essential that they fully understand the practical and commercial implications of the protections afforded by the Code ceasing to apply. The fact that certain shareholders may be intimately involved in the negotiation of a transaction is not a substitute for full disclosure in the re-registraion circular or explanatory memorandum.]

ANNEX 2

Re-registration of an unquoted public company, which is a transition company, as a private company on or before 2 February 2027 where the Code will continue to apply as one of paragraphs (ii)(A)-(D) of former section 3(a) of the Introduction applies

Until 2 February 2027, the Takeover Code (the “**Code**”) applies to certain unquoted public companies and private companies which have their registered offices in the UK, the Channel Islands or the Isle of Man and which are considered by the Takeover Panel (the “**Panel**”) to have their place of central management and control in the UK, the Channel Islands or the Isle of Man, but in relation to private companies only if one of a number of conditions are met, including that at any time in the preceding ten years [any of the company’s equity share capital or other transferable securities carrying voting rights have been admitted to trading on a UK regulated market, a UK MTF, or a stock exchange in the Channel Islands or the Isle of Man]. ***[use words in square brackets if paragraph (ii)(A) of former section 3(a) of the Introduction (as defined in the Transitional Appendix) applies or substitute a description of whichever of paragraphs (ii)(B) to (D) of former section 3(a) of the Introduction is most relevant]***

The Code currently applies to *[the Company]* as an unquoted public company whose place of central management and control is considered by the Panel to be in the *[UK]*. If the *[Re-registration]* is approved by *[Shareholders]* at the *[General Meeting]* and becomes effective, *[the Company]* will be re-registered as a private company. In the preceding ten years, *[the Company]*’s securities were admitted to trading on [], which is [a UK regulated market/a UK MTF/a stock exchange in the [Channel Islands/Isle of Man]] ***[or substitute other description]***. Accordingly, provided that *[the Company]*’s place of central management and control continues to be considered by the Panel to be in the UK, the Channel Islands or the Isle of Man (the “**residency test**”), the Code will continue to apply to *[the Company]* following the *[Re-registration]* until [2 February 2027], including the requirement for a mandatory cash offer to be made if either:

- (a) any person acquires an interest in shares which (taken together with the shares in which the person or any person acting in concert with that person is interested) carry 30% or more of the voting rights of the company; or
- (b) any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with that person, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which that person is interested.

Brief details of the Panel, and of the protections afforded by the Code, are set out in section [] of this document.

As a result of the amendments to the Code which took effect on 3 February 2025, the Code will, in any event, automatically cease to apply to *[the Company]* from 3 February 2027. ***[if earlier, explain that the Code will cease to apply to the Company upon the expiry of the 10 year period in whichever of paragraphs (ii)(A) to (D) of former section 3(a) of the Introduction is relevant]***

In addition, *[the Company]*'s place of central management and control could change as a result of, for example, the appointment of additional directors who are not resident in the UK, the Channel Islands or the Isle of Man. In such circumstances, *[the Company]* might no longer satisfy the residency test, in which event the Code would cease to apply to *[the Company]* for so long as that remains the case (until 2 February 2027).

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