



DUAL CLASS SHARE STRUCTURES, IPOs AND SHARE BUYBACKS

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ICAEW welcomes the opportunity to comment on the Dual class share structures, IPOs and share buybacks published by The Takeover Panel on 3 July 2025, a copy of which is available from this [link](#).

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GENERAL POINTS

1. In the interest of shareholders, there should be a requirement to update the disclosure of any controlling shareholders (and their concert parties) at the time of IPO on an ongoing basis. Will the Panel consider liaising with the FCA to require an annual (at least) update, beyond the disclosure under the UKLR of total voting rights, to reflect any further issuances or buybacks that have taken place,
2. It would be helpful to know that, where new situations occur, the Panel will be open to updating the list of trigger events that cause a DCSS to be extinguished or Class B shares to convert (and on page 3 of the PCP).

ANSWERS TO SPECIFIC QUESTIONS

Q1 Should the new Rule 37.2(a) be introduced to provide that an increase in the voting rights of an Affected Shareholder as a result of the extinguishing or conversion of Class B shares will be treated as an “acquisition” of an interest in shares for the purposes of Rule 9.1?

3. We agree that the new Rule 37.2(a) should be introduced.

Q2 Should the new Rule 37.2(b) be introduced to provide that the Panel will normally grant an “innocent bystander” dispensation from any resulting Rule 9 obligation unless (a) the trigger event is a time sunset or (b) the person acquired an interest in shares at a time when it had reason to believe that a trigger event would occur?

4. We agree with introduction of proposed new Rule 37.2(b). However, we believe that examples of what could create “a reason to believe” that a trigger event will occur would help all shareholders. Examples will also be a useful reminder for boards when in discussions with investors.

Q3 Should the proposed new Note 6 on Rule 9.5 be introduced to provide that the Panel should be consulted as to the consideration to be offered where a requirement to make a mandatory offer arises as a result of a “deemed” acquisition of shares?

5. Yes, new Note 6 on Rule 9.5 should be introduced as proposed. However, the Response Statement ought to be more illuminating about what the Panel would look for in “the attitude of the board of the offeree company” per paragraph 2.61(e) in the PCP.

Q4 Should (a) the new Note 9 on Rule 10.1 (for a voluntary contractual offer) and (b) the new Note 3 on Rule 9.3 (for a mandatory offer) be introduced in respect of the acceptance condition for an offer for a DCSS 1 company?

6. We agree that the new Note 9 on Rule 10 and new Note 3 on Rule 9.3 should be introduced.

Q5 Should Rule 14.2 be amended to provide the Panel with the ability to consent to a single combined offer for more than one class of shares?

7. Yes, Rule 14.2 should be amended.

Q6 Should the proposed new Note 4 on Rule 16.1 be introduced to require the Panel to be consulted where an offer is made for a company with a DCSS?

8. We agree with the proposal to introduce new Note 4 on Rule 16.1 but suggest that the title of the Note be amended to ‘Multiple class share structures’.

Q7 Should the proposed new Note 3 on Rule 2.9 be introduced to provide that any announcement of the number of securities in issue made under Rule 2.9 by a DCSS 1 company must explain the voting rights carried by each class of shares and that the Panel must be consulted on the form of the announcement?

9. We agree with the introduction of proposed new Note 3 on Rule 2.9.
10. Disclosure could also be signposted on the micro-site for the offer. Does the Panel intend to add more disclosure to the Disclosure Table?

Q8 Should the proposed new Note 4 on Rule 17 be introduced to provide that any announcement of acceptance levels made by an offeror under Rule 17.2 in the context of an offer for DCSS 1 company must specify the voting rights carried by the shares and relevant securities in the offeree company and that the Panel must be consulted on the form of the announcement?

11. We agree that the proposed new Note 4 on Rule 17 should be introduced. A template or checklist of relevant details for the DCSS to be disclosure would be useful in preparing for consultation with the Panel.

Q9 Should the proposed new section 3(e)(i) of the Introduction to the Code be introduced to provide that appropriate disclosure must be made in an IPO admission document, including in relation to the application of Rule 9 and details of any relevant person or concert party, and that the Panel must be consulted for guidance on that disclosure?

12. We support inclusion of proposed new section 3(e)(i) to the Introduction to the Code and agree that the Panel must be consulted on appropriate disclosure in an IPO admission document.

Q10 Should the proposed new Note 6 of the Notes on Dispensations from Rule 9 be introduced to provide that the Panel may grant a “Rule 9 dispensation by disclosure” in the context of an IPO?

13. We agree.
14. Does the Panel intend to consult on a revised version of the *Note to advisers in relation to the disclosure information on Rule 9 of the Takeover Code in Rule 9 waiver and IPO documents*? It would be helpful for drafts to be available in conjunction with the Response Statement.

Q11 Should the current Rule 37.1 be deleted and replaced with the proposed new Rule 37.1, including the new Notes 1(a), 1(e), 2(a) and 2(b), so as to draw a more explicit distinction between “innocent bystanders” and “directors or related persons” and to explain more clearly what the mandatory offer consequences and the process for obtaining a waiver or dispensation from Rule 9 would be in each case?

15. We agree that the current Rule 27.1 should be replaced as proposed, including the new Notes.
16. It would be helpful to have guidance examples on trigger events that could cause a party (other than a director or related party) to no longer be deemed an innocent bystander.

Q12 Should the “disqualifying transactions” regime under the current Note 5 on Rule 37.1 be replaced with the proposed new Notes 1(b), 1(c) and 1(d) on Rule 37.1?

17. We agree that the “disqualifying transactions” regime should be replaced with proposed new Notes 1(b), (c) and (d) on Rule 37.1.

Q13 Should the new Note 2(c) on Rule 37.1 be introduced to provide that, where the Panel has granted an innocent bystander dispensation on a share buyback, the company must disclose the maximum percentage of voting rights in which the relevant person, or group of persons acting in concert, might become interested?

18. We agree the new Note 2(c) should be introduced.

Q14 Should the current Note 6 on Rule 37.1 in respect of renewals be replaced by the new Note 3 on Rule 37.1 and the reference to Chapter 4 of Part 18 of the Companies Act 2006 be removed?

19. We agreed with the proposals.

Q15 Should the new Note 4 on Rule 37.1 be introduced to provide that the Panel should be consulted on a share buyback which could result in all or substantially all of the company’s shares being held by one person or concert party and that the Panel will normally treat such a transaction as an offer?

20. While we agree with that the Panel should be consulted in the situation described, the new Note 4 on Rule 37.1 could usefully include more commentary on what ‘all or substantially all’ means in relation to holding a company’s shares. There should be reference to the Rules that do apply if the person or concert party already holds more than 50% of the company’s voting rights.

Q16 Should the final sentence of the current Note 1 on Rule 37.1, the current Notes 4, 7 and 8 on Rule 37.1 and the current Rule 37.2 be deleted?

21. The final sentence in current Note 7 is not captured in Rule 9.2 so could be retained.

Q17 Should the new Rule 37.3 be introduced in place of the current Note 6 of the Notes on Dispensations from Rule 9 in relation to the enfranchisement of non-voting shares?

22. Yes, it should be introduced as proposed.