

THE TAKEOVER PANEL

DUAL CLASS SHARE STRUCTURES, IPOS AND SHARE BUYBACKS

RESPONSE STATEMENT BY THE CODE COMMITTEE



DUAL CLASS SHARE STRUCTURES, IPOs AND SHARE BUYBACKS: OVERVIEW

The Code Committee of the Takeover Panel has adopted the following amendments to the Takeover Code, substantially in the form set out in PCP 2025/1, with effect from 4 February 2026:

In relation to companies with a dual class share structure (DCSS):

- A **framework for the application of the Code to a DCSS company**, i.e. a company which has, in addition to voting ordinary shares, a class of shares (*Class B* or *special* shares) with an enhanced level of voting rights or control as compared to the ordinary shares. The new framework is primarily applicable to a structure (referred to as *DCSS 1*) where the Class B shares carry multiple votes per Class B share from the point of issue, and are extinguished or converted to ordinary shares on particular *trigger events*, e.g. a *time sunset*, the retirement, resignation or death of a Class B shareholder, or the transfer of the Class B shares.
- New provisions to **clarify the application of the mandatory offer requirement to a DCSS 1 company where a shareholder's percentage of voting rights is increased as a consequence of a trigger event**. Although such an *Affected Shareholder* may incur a mandatory offer obligation, the Affected Shareholder may not be required (in practice) to make a mandatory offer. This is because:
 - on a trigger event other than a time sunset, the Panel will normally grant a dispensation if the Affected Shareholder is an *innocent bystander*, in line with the Code's framework for share buybacks;
 - in the context particularly of a time sunset, the Panel will have the ability to grant a *Rule 9 dispensation by disclosure* on an IPO in relation to a specific Affected Shareholder who might otherwise be required to make a mandatory offer following a trigger event (see further below); and
 - the Panel will otherwise consider granting a dispensation at the time of the mandatory offer obligation arising, subject to the disposal of sufficient shares to take the Affected Shareholder's interests in shares carrying voting rights below the relevant threshold.
- New provisions to **require an acceptance condition to a contractual offer for a DCSS 1 company to be subject to two tests**, taking account of the voting rights position (i) immediately before the relevant Class B or special shares convert or are extinguished and (ii) immediately after the relevant Class B or special shares convert or are extinguished.
- Minor changes to other provisions, including to require the Panel to be consulted so as to ensure that shareholders in a DCSS company are protected against an offeror offering a special deal with favourable conditions to a Class B or special shareholder.

In relation to IPOs:

- New provisions to **require a company to make disclosures in respect of the Code and any controlling shareholders (and their concert parties) on an IPO**, and to consult the Panel for guidance on that disclosure.
- The **codification of the ability of the Panel to grant a *Rule 9 dispensation by disclosure*** consistent with the Panel Executive's existing practice.

In relation to share buybacks:

- Amendments to **make the provisions relating to share buybacks clearer and more concise**, and amendments to **the *disqualifying transactions* regime** to remove restrictions on a company carrying out a share buyback under an annual shareholder authority.

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1. Introduction and summary

(a) Introduction

1.1 On 3 July 2025, the Code Committee of the Takeover Panel (the “**Code Committee**”) published a [Public Consultation Paper](#) (“**PCP 2025/1**” or the “**PCP**”) to propose a framework for the application of the [Takeover Code](#) (the “**Code**”) to companies with a dual class share structure (a “**DCSS**”).

1.2 The PCP also proposed:

- (a) the introduction of a requirement for a company which will become subject to the Code following an initial public offering (an “**IPO**”) to make appropriate disclosure in the admission document in relation to the application of the Code to the company; and
- (b) certain amendments to **Rule 37** in relation to the redemption or purchase by a company of its own securities (a “**share buyback**”).

(b) Dual class share structures

(i) Background

1.3 **Section 1** of the PCP included an overview of the principal DCSS structures seen to date in the UK market, as follows:

- (a) Class B shares held by one or more shareholders which carry multiple votes per Class B share from the point of issue, and which are extinguished or converted to ordinary shares on a trigger event (referred to in the PCP and in this Response Statement as “**DCSS 1**”);
- (b) a single special share which confers effective majority or veto rights on some or all resolutions from the point of issue, and which is extinguished on a trigger event (“**DCSS 2**”); and
- (c) a single special share which confers effective majority or veto rights on some or all resolutions from the point of a third party obtaining control of a majority of the ordinary shares, and which is extinguished on a trigger event (“**DCSS 3**”).

1.4 The majority of the issues and proposed amendments to the Code related to DCSS 1 companies. The PCP also explained the application of the Code to DCSS 2 and DCSS 3 companies.

1.5 The “**trigger events**” which will cause a particular DCSS to be extinguished, or the Class B or special share(s) to convert into ordinary shares, will vary. Common examples of trigger events seen to date in the UK market include:

- (a) a “**time sunset**” of a specified number of years after the company’s IPO;
- (b) the transfer of the Class B or special share(s) to any other person;
- (c) the retirement or resignation of the holder of the Class B or special share(s);
- (d) the death of the holder of the Class B or special share(s);
- (e) the holder of the Class B or special share(s) ceasing to hold at least a specified percentage of the ordinary shares in the company; and
- (f) an offer for the company by a person other than the holder of the Class B or special share(s) itself becoming unconditional (but not in the case of DCSS 3).

(ii) *The mandatory offer requirement*

1.6 **Section 2** of the PCP proposed that if, as a result of the extinguishing or conversion of Class B shares in a DCSS 1 company upon a trigger event, the proportional voting rights of a shareholder (an “**Affected Shareholder**”) increase, this should be treated as an “**acquisition**” of interests in shares for the purposes of the mandatory offer requirement. An Affected Shareholder would therefore incur an obligation to make a mandatory offer if it, together with persons **acting in concert** with it, thereby became interested in shares carrying 30% or more of the voting rights of a DCSS 1 company or increased its aggregate interests in shares in the company carrying voting rights from within the 30%-50% band, i.e. it crossed a “**Rule 9 threshold**”.

1.7 It was proposed, however, that the Panel should normally grant a dispensation from the resulting mandatory offer obligation unless:

- (a) the trigger event is the expiry of a time sunset (albeit that a “**Rule 9 dispensation by disclosure**” may be available, as explained in paragraph 1.8 below); or
- (b) at the time it acquired interests in shares in the company, the Affected Shareholder had reason to believe that a trigger event (other than a time sunset) would occur.

1.8 In addition, the PCP proposed that, at the time of an IPO, the Panel should be able to grant a “Rule 9 dispensation by disclosure” to a specific shareholder (or group of shareholders acting in concert) in a DCSS 1 company, i.e. a dispensation from the obligation to make a mandatory offer that may otherwise arise upon the occurrence of a time sunset (or other trigger event). This dispensation would be subject to:

- (a) the IPO admission document setting out appropriate disclosure of the maximum percentage of voting rights that the shareholder would hold following the time sunset (or other trigger event), based on the share capital of the company as at the point of IPO; and
- (b) except with the consent of the Panel, there having been no additional acquisitions of interests in shares by the shareholder, or any person acting in concert with it, between the admission to trading of the company's securities and the time sunset (or other trigger event), i.e. any such acquisitions would, on the face of it, invalidate the Rule 9 dispensation by disclosure.

(iii) *The acceptance condition*

1.9 **Section 3** of the PCP proposed that the acceptance condition to a contractual offer for a DCSS 1 company should be subject to two tests, both of which would need to be satisfied in order for the offer to become or be declared unconditional:

- (a) first, a "pre-unconditional" test, i.e. whether shares carrying more than 50% of the voting rights immediately before the relevant enhanced voting shares convert or are extinguished have been acquired by the offeror or accepted to the offer ("**Test 1**"); and
- (b) secondly, and only if Test 1 is passed, a "post-unconditional" test, i.e. whether shares which would carry more than 50% of the voting rights immediately after the relevant enhanced voting shares convert or are extinguished have been acquired by the offeror or accepted to the offer ("**Test 2**").

(iv) *Other issues*

1.10 **Section 4** of the PCP proposed:

- (a) that the Panel should have the ability to consent to a single combined offer being made for more than one class of shares where a "comparable offer" is required to be made under **Rule 14.1**;
- (b) the introduction of a new **Note 4 on Rule 16.1** to require the Panel to be consulted where an offer is made for a company with a DCSS in order that the Panel can consider whether there are any special deals with favourable conditions; and
- (c) that the disclosures made under **Rule 2.9** (announcement of numbers of relevant securities in issue) and **Rule 17** (announcement of acceptance levels) in respect of an offer for a DCSS 1 company should explain the voting rights attaching to each class of the company's shares.

(c) IPOs

1.11 **Section 5** of the PCP proposed the introduction of:

- (a) a new paragraph (i) of **section 3(e) of the Introduction** to the Code to require a company which will become subject to the Code following an IPO:
 - (i) to make appropriate disclosure in respect of the Code in the admission document, including an explanation of the application of **Rule 9** and disclosure of details of any person, or group of persons acting in concert, that will be, or is expected to become, interested in shares carrying 30% or more of the voting rights of the company; and
 - (ii) to consult the Panel for guidance on that disclosure; and
- (b) a new **Note 6 of the Notes on Dispensations from Rule 9** to provide an ability for the Panel to grant, at the time of a company's IPO that would result in it becoming subject to the Code, a Rule 9 dispensation by disclosure in certain circumstances, provided that appropriate disclosure is made in the IPO admission document.

(d) Share buybacks

1.12 **Section 6** of the PCP proposed amendments to **Rule 37** (redemption or purchase by a company of its own securities) to make the rule clearer, more concise and consistent with the proposed amendments in relation to DCSS companies. It was also proposed:

- (a) to amend the provisions relating to the "**disqualifying transactions**" which preclude a "**Rule 9 waiver**" in relation to a share buyback;
- (b) where a company is proposing to carry out a share buyback in which the voting rights of an "**innocent bystander**" might be increased through a Rule 9 threshold, to introduce a requirement to disclose the maximum percentage of shares carrying voting rights in which the relevant person, or group of persons acting in concert, might become interested; and
- (c) to codify the practice that the Panel may treat as an "offer" a share buyback which could result in all or substantially all of the company's shares being held by one person or a group of persons acting in concert.

(e) Responses to consultation

1.13 The consultation period in relation to PCP 2025/1 ended on 26 September 2025. Responses were received from the seven respondents listed in **Appendix A** and their

responses have been published on the Panel's [website](#). The Code Committee thanks all of the respondents for their comments.

- 1.14 The respondents were supportive of the proposals. The principal comments and suggestions made by respondents are summarised in **Sections 2 to 6** below.

(f) The Code Committee's conclusions

- 1.15 Having considered the responses to the consultation, the Code Committee has adopted the amendments proposed in the PCP, subject to minor amendments to the new **Note 4 on Rule 16.1**, the new **Rule 37.1** (and the Notes thereon) and the new **Rule 37.3**, and an additional amendment to **Note 7 on Rule 26**, as set out in **Sections 4 and 6** below.

(g) Code amendments

- 1.16 The amendments to the Code which the Code Committee has adopted as a result of the consultation are set out in **Appendix B**. Unless otherwise specified, in **Appendix B** underlining indicates new text and striking-through indicates deleted text, as compared with the current provisions of the Code. Where new or amended provisions of the Code are set out in the main body of this Response Statement, they are marked to show changes from the provisions as they were proposed to be amended in the PCP.

(h) Implementation and transitional arrangements

- 1.17 The amendments to the Code set out in this Response Statement will take effect on Wednesday, 4 February 2026 (the "**implementation date**"). The Code, as amended, will be applied from the implementation date to all companies and transactions to which it relates, including any on-going transactions which straddle that date, except where to do so would give the amendments retroactive effect.
- 1.18 Where parties have doubts as to the consequences of the amendments to the Code set out in this Response Statement, in particular their impact on any transaction which is in existence or contemplation, they should consult the Panel prior to the implementation date to obtain a ruling or guidance.
- 1.19 The Panel Executive (the "**Executive**") has informed the Code Committee that it intends to publish two new Notes to advisers in relation to IPOs and Rule 9 waivers (which will replace the current *Note to advisers in relation to the disclosure of information on Rule 9 of the Takeover Code in Rule 9 waiver and IPO documents*) on the Panel's website on or before the implementation date.

2. The mandatory offer requirement in relation to a DCSS company

(a) *Application of Rule 9.1 where Class B shares are extinguished or convert into ordinary shares*

- 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?
- 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?

(i) *Summary of proposals*

2.1 **Section 2(d)** of the PCP proposed the introduction of a new **Rule 37.2(a)** to provide that if, as a result of the extinguishing or conversion of Class B shares in a DCSS 1 company upon a trigger event, the proportional voting rights of a shareholder (an “**Affected Shareholder**”) increase, this should be treated as an “**acquisition**” of interests in shares for the purposes of **Rule 9.1**. An Affected Shareholder would therefore incur an obligation to make a mandatory offer under **Rule 9.1** if it, together with persons acting in concert with it, thereby:

- (a) became interested in shares carrying 30% or more of the voting rights of a company; or
- (b) increased its aggregate interests in shares in the company carrying voting rights from within the 30%-50% band,

i.e. it crossed a “**Rule 9 threshold**”.

2.2 Paragraph 2.31 of the PCP set out the following simplified illustrative scenario:

- (a) a company has issued 40 ordinary shares, each carrying one vote, and 6 Class B shares, each carrying 10 votes. The 46 shares in issue therefore carry a total of 100 votes;
- (b) the ordinary shares and the Class B shares rank *pari passu* for income and capital (and therefore have the same economic rights);
- (c) the founder of the company holds all 6 of the Class B shares, representing 60/100 or 60% of the voting rights and 6/46 or c.13% of the economic rights;

- (d) the other shareholders (including an Affected Shareholder) together hold the 40 ordinary shares, representing 40/100 or 40% of the voting rights and 40/46 or c.87% of the economic rights;
- (e) the Affected Shareholder holds 15 out of 40 of the ordinary shares, representing 15/100 or 15% of the voting rights and 15/46 or c.33% of the economic rights;
- (f) on a trigger event, the Class B shares convert on a one-for-one basis into ordinary shares. Therefore, following the conversion of the 6 Class B shares into ordinary shares, the 6 ordinary shares held by the founder would carry 6/46 or c.13% of the company's voting rights and the 40 ordinary shares held by other shareholders would carry 40/46 or c.87% of the company's voting rights; and
- (g) as such, the Affected Shareholder will then hold 15/46 or c.33% of the company's voting rights and therefore, as a result of the trigger event, its percentage of voting rights will have increased from 15% to c.33%.

2.3 **Section 2(d)** of the PCP also proposed the introduction of a new **Rule 37.2(b)** to provide that, in the above circumstances, the Panel will normally grant a dispensation from the resulting mandatory offer obligation unless:

- (a) the trigger event is the expiry of a time sunset (albeit that a “**Rule 9 dispensation by disclosure**” may be available, as explained in **Section 2(e)** of the PCP); or
- (b) at the time it acquired interests in shares in the company, the Affected Shareholder had reason to believe that a trigger event (other than a time sunset) would occur.

(ii) *Respondents' comments*

2.4 All of the respondents supported, or did not object to, the proposals.

2.5 A number of respondents requested clarification of when an Affected Shareholder would have “reason to believe” that a trigger event will occur for the purposes of the new **Rule 37.2(b)**.

2.6 One respondent questioned whether an Affected Shareholder would have reason to believe that a trigger event would occur when the occurrence of the trigger event is “merely probable”.

2.7 Another respondent noted that certain trigger events might relate to events that will inevitably occur at some point in time (e.g. the death of the holder of the Class B or special share(s)) but the timing of which was highly uncertain.

(iii) *The Code Committee's response*

2.8 As set out in paragraph 2.37 of the PCP, an Affected Shareholder would have “*reason to believe that a trigger event ... would occur*” if, at the time at which it acquired interests in shares in the company, the Affected Shareholder had either private knowledge or public notice of the relevant trigger event (e.g. the forthcoming resignation of a founder who held Class B shares).

2.9 The Executive should be consulted if any person is considering acquiring an interest in shares which would result in it, and persons acting in concert with it, becoming interested in 30% or more (or increasing its aggregate interest from within the 30-50% band) of the economic rights of a DCSS 1 company (and, therefore, on a trigger event, potentially becoming interested in shares carrying 30% or more of the voting rights of the company). The Executive will then seek to establish whether that person has reason to believe that a trigger event will occur.

(iv) *Code amendments*

2.10 In the light of the above, the Code Committee has introduced:

(a) the new **Rule 37.2(a)**; and

(b) the new **Rule 37.2(b)**,

as proposed in paragraph 2.41 of the PCP and as set out in **Appendix B**.

(b) *Offer price where a mandatory offer is required*

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?

(i) *Summary of proposal*

2.11 **Section 2(f)** of the PCP proposed the introduction of a new **Note 6 on Rule 9.5** to provide that, where a mandatory offer is required as a result of a “deemed” acquisition of an interest in shares under the new **Rule 37**, the Panel must be consulted to determine the price at which the mandatory offer must be made.

2.12 Paragraph 2.61 of the PCP stated that the circumstances which the Panel might take into account in determining the consideration to be offered in such cases would include:

- (a) whether any “actual” acquisitions of shares had been made during the 12 month “look-back period” prior to the announcement of the offer and, if so, the price, size and timing of such acquisition(s);
- (b) the middle market price of the shares in question as at the close of business on the day on which the obligation to make an offer under **Rule 9.1** arises;
- (c) where the mandatory offer is required under **Rule 37.1**, the price of the share buyback;
- (d) the size of the deemed acquisition under **Rule 37**; and
- (e) the attitude of the board of the offeree company.

(ii) *Respondents’ comments*

- 2.13 All of the respondents supported, or did not object to, the proposal.
- 2.14 One respondent queried whether the Code Committee had considered introducing a mechanical approach to calculating the offer price in the case of a deemed acquisition of an interest in shares (e.g. with reference to the trading price of the shares during a look-back period).
- 2.15 Two respondents suggested including the circumstances listed in paragraph 2.61 of the PCP in the new **Note 6 on Rule 9.5**.
- 2.16 Two respondents sought clarification as to what was meant by “the attitude of the board of the offeree company” in paragraph 2.61(e) of the PCP.
- 2.17 One respondent considered that, when determining the consideration to be offered in accordance with the new **Note 6 on Rule 9.5**, the Panel might also take into account relevant valuation metrics for the particular business or industry.

(iii) *The Code Committee’s response*

- 2.18 There are limited circumstances in which a shareholder will be required to make a mandatory offer to which **Note 6 on Rule 9.5** applies because, in most cases:
- (a) the shareholder will be granted a dispensation from the requirement to make a mandatory offer as an “innocent bystander” in accordance with **Rule 37.1(c)** or **Rule 37.2(b)**;
 - (b) a Rule 9 dispensation by disclosure will have been granted previously; or

- (c) the shareholder may be granted a dispensation on the condition that it agrees to sell down its shares to reduce the percentage of shares carrying voting rights in which it is interested to below the relevant Rule 9 threshold.

2.19 Where the requirement to make a mandatory offer arises as a result of a “deemed” acquisition as provided for in **Rule 37**, the Code Committee continues to consider that the Panel should have flexibility to determine the price at which the offer must be made, taking into account all the factors that are relevant to the circumstances, rather than adopting a mechanical approach. The Code Committee does not consider it necessary to incorporate into the Code the circumstances listed in paragraph 2.61 of the PCP both because, as referred to in paragraph 2.18 above, it will be unusual for a mandatory offer to be required and because the circumstances listed in paragraph 2.61 of the PCP are not exhaustive.

2.20 The “attitude of the board of the offeree company” has for many years been referred to in **Notes on Rule 6**, **Rule 9.5** and **Rule 11** as one of the factors which the Panel might take into account when considering an adjustment to the highest price paid by the offeror or any person acting in concert with it during the relevant look-back period. The Code Committee understands that the Panel has been required to make a determination in accordance with those Notes only on limited occasions but that, when it has, the Panel has considered, among other things, the representations made by the offeree board as to whether the highest price should be adjusted and, if so, to what level and the reasons for its views. The Code Committee understands that the Panel would be likely to take the same approach under the new **Note 6 on Rule 9.5**.

2.21 Consistent with the existing approach in **Rule 9.5**, the Code Committee does not consider that it would be appropriate for the Panel to take into account valuation metrics for the company’s business or industry when determining the consideration to be offered.

(iv) Code amendments

2.22 In the light of the above, the Code Committee has introduced the new **Note 6 on Rule 9.5** as proposed in paragraph 2.62 of the PCP and as set out in **Appendix B**.

2.23 The Code Committee has also made the minor and consequential amendments to:

- (a) **Rule 9.1**;
- (b) **Note 11 on Rule 9.1**; and
- (c) **paragraph (g) of Note 3 on Rule 9.5**,

as referred to in paragraph 2.63 of the PCP and as set out in **Appendix B**.

3. The acceptance condition to an offer for a DCSS company

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?

(a) *Summary of proposals*

3.1 **Section 3(c)** of the PCP proposed that a new **Note 9 on Rule 10.1** and a new **Note 3 on Rule 9.3** be introduced to provide that the acceptance condition to a contractual offer for a DCSS 1 company should be subject to two tests, both of which would need to be satisfied in order for the offer to become or be declared unconditional:

- (a) first, a “pre-unconditional” test, i.e. whether shares carrying more than 50% of the voting rights immediately before the relevant enhanced voting shares convert or are extinguished have been acquired by the offeror or accepted to the offer (“**Test 1**”); and
- (b) secondly, and only if Test 1 is passed, a “post-unconditional” test, i.e. whether shares which would carry more than 50% of the voting rights immediately after the relevant enhanced voting shares convert or are extinguished have been acquired by the offeror or accepted to the offer (“**Test 2**”).

(b) *Respondents’ comments*

3.2 All of the respondents supported, or did not object to, the proposals.

(c) *Code amendments*

3.3 In the light of the above, the Code Committee has introduced:

- (a) the new **Note 9 on Rule 10.1** as proposed in paragraph 3.18 of the PCP; and
- (b) the new **Note 3 on Rule 9.3** as proposed in paragraph 3.19 of the PCP, subject to one minor drafting amendment to paragraph (a) of that Note,

as set out in **Appendix B**.

4. Other issues relevant to an offer for a DCSS company

(a) Comparable offers and separate offers for each class

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?

(i) Summary of proposal

4.1 **Section 4(b)** of the PCP proposed that **Rule 14.2** be amended to provide the Panel with the ability to consent to a single combined offer being made for more than one class of shares where a comparable offer is required to be made under **Rule 14.1**.

(ii) Respondents' comments

4.2 All of the respondents were supportive of, or did not object to, the proposal.

(iii) Code amendments

4.3 In the light of the above, the Code Committee has amended **Rule 14.2** as proposed in paragraph 4.14 of the PCP and as set out in **Appendix B**.

(b) Special deals with favourable conditions

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?

(i) Summary of proposal

4.4 Paragraphs 4.19, 4.21 and 4.25 of the PCP noted that, where an offer is made for a DCSS company, any offer to acquire or cancel the Class B or special shares is likely to constitute a special deal with favourable conditions in breach of **Rule 16.1** if:

- (a) where the Class B shares will convert into ordinary shares upon transfer to the offeror, the price offered is above the amount derived from the applicable conversion ratio; or
- (b) where the Class B shares or special shares (or their enhanced voting rights) will be extinguished or cannot transfer to the offeror, the price offered is above the nominal value of the shares.

4.5 Paragraph 4.27 of the PCP proposed that, in the light of the above, a 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.

(ii) *Respondents' comments*

- 4.6 All of the respondents supported, or did not object to, the proposal.
- 4.7 Two respondents suggested that the new **Note 4 on Rule 16.1** should specify when an offer is not likely to constitute a special deal with favourable conditions in breach of **Rule 16.1**, in line with paragraphs 4.19, 4.21 and 4.25 of the PCP.
- 4.8 One respondent requested clarification as to how the Panel would apply **Rule 16.1** if, contrary to current UK market practice, the enhanced voting rights of the Class B or special share(s) were transferable to the offeror.

(iii) *The Code Committee's response*

- 4.9 It is important for the Panel to maintain flexibility to apply the Code to different types of DCSSs which exist now or evolve over time. The Code Committee therefore believes that the new **Note 4 on Rule 16.1** should require consultation with the Panel in relation to an offer for a DCSS company so that a determination can be made by reference to the particular DCSS and the circumstances in question at the relevant time.
- 4.10 The Code Committee notes that, at present, the UK Listing Rules provide that the voting rights attached to Class B or special share(s) may not be transferred¹. In the event that it becomes permitted in the future for the enhanced voting rights to be transferred, the Panel will need to consider the application of **Rule 16.1** to an offer for the relevant shares.

(iv) *Code amendments*

- 4.11 In the light of the above, the Code Committee has introduced the new **Note 4 on Rule 16.1** as proposed in paragraph 4.27 of the PCP, save that the requirement that the Panel "should" be consulted has been replaced by the requirement that the Panel "must" be consulted, so that it will read as follows:

"4. Dual class share structures

The Panel ~~should~~ must be consulted in relation to the application of Rule 16.1 where an offer is made for a company with a dual class share structure.",

as set out in **Appendix B**.

¹ Save to a person established for the sole benefit of, or solely owned and controlled by, a person to whom the Class B or special share(s) were issued (UKLR 5.4.5R(3))

(c) *Announcements of numbers of relevant securities and acceptance levels*

- 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?
- 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?

(i) *Summary of proposals*

4.12 **Section 4(d)** of the PCP proposed that a new **Note 3 on Rule 2.9** be introduced to provide that any announcement of the numbers 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. This would enable market participants not only:

- (a) to understand the number of shares of each class issued by the offeree company (or, if relevant, the securities exchange offeror); but also
- (b) to calculate both the total number of voting rights attached to the shares issued by the offeree company (or, if relevant, the securities exchange offeror) and the number of voting rights held by a shareholder which has made a disclosure under **Rule 8** (disclosures of dealings and positions) of its interests in the securities of the offeree company (or, if relevant, the securities exchange offeror).

4.13 In addition, it was proposed that a 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 by reference to each of Test 1 and Test 2 (as set out in paragraph 3.1 above) and that the Panel must be consulted on the form of the announcement. This would enable market participants to calculate the offeror's progress toward each of the two limbs of the acceptance condition to its offer, as required under the new **Note 9 on Rule 10.1** and the new **Note 3 on Rule 9.3** (as referred to in **Section 3** above).

(ii) *Respondents' comments*

4.14 All of the respondents were supportive of, or did not object to, the proposals.

- 4.15 One respondent suggested that the disclosure required by the new **Note 3 on Rule 2.9** should be published on the website on which documents, announcements and other information in relation to an offer is published under **Rule 26**.

(iii) *The Code Committee's response*

- 4.16 Under **Note 7 on Rule 26**, announcements of the numbers of relevant securities in issue made under **Rule 2.9** by the offeree company or a securities exchange offeror are not required to be published on a website. However, the Code Committee agrees that, in order to ensure that market participants are aware of the voting rights position of a DCSS 1 company, an announcement containing the information required by the new **Note 3 on Rule 2.9** should be required to be published on a website, and has amended **Note 7 on Rule 26** to reflect this.

(iv) *Code amendments*

- 4.17 In the light of the above, the Code Committee has introduced:

- (a) the new **Note 3 on Rule 2.9**; and
- (b) the new **Note 4 on Rule 17**,

as proposed in paragraph 4.36 of the PCP and as set out in **Appendix B**.

- 4.18 In addition, the Code Committee has amended **paragraph (b) of Note 7 on Rule 26** so that it will read as follows:

"7. Announcements not required to be published on a website

The following announcements do not need to be published on a website:

...

(b) announcements of the number of relevant securities in issue under Rule 2.9, unless such announcements contain an explanation of the voting rights of a company with a dual class share structure under Note 3 on Rule 2.9, in which case the most recent announcement must be published on the website."

as set out in **Appendix B**.

5. Initial public offerings

(a) *Disclosure in admission document of information on Rule 9 and concert parties*

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?

(i) *Summary of the proposal*

5.1 **Section 5(b)** of the PCP proposed the introduction of a new paragraph (i) of **section 3(e) of the Introduction** to the Code to require a company, in the context of an IPO that would result in the company becoming subject to the Code, to make appropriate disclosure in respect of the Code in its admission document, and to consult the Panel for guidance on that disclosure. This would include disclosure in respect of the application of the mandatory offer requirement and of any person, or group of persons acting in concert, that will, or is expected to become, interested in shares carrying 30% or more of the voting rights of the company.

(ii) *Respondents' comments*

5.2 All but one of the respondents supported, or did not object to, the proposal.

5.3 One respondent did not support the proposal on the basis that the Prospectus Regulation Rules sourcebook² sets out the disclosures to be made by a company in the context of an IPO or admission to trading on a UK regulated market. The respondent considered that the Panel should not introduce disclosure requirements that duplicate or overlap with the FCA's rules and that a company should be required to consult the Panel in this context only where a Rule 9 dispensation by disclosure is sought.

(iii) *The Code Committee's response*

5.4 The requirement to make appropriate disclosure in respect of the Code in an admission document as set out in the new paragraph (i) of **section 3(e) of the Introduction** to the Code is a codification of the Executive's existing practice. The Code Committee continues to consider that the Code should include requirements to make appropriate disclosures, and to consult the Panel in relation to such disclosures, on all IPOs or

² With effect from 19 January 2026, the Prospectus Rules: Admission to Trading on a Regulated Market (PRM) sourcebook

admissions to trading of companies that would then become subject to the Code. Regardless of whether a Rule 9 dispensation by disclosure is sought, it is important for potential shareholders to be made aware, prior to admission, of how the requirements of **Rule 9** will apply to the company and whether there is a person, or group of persons acting in concert, that will be, or is expected to become, interested in shares carrying 30% or more of the voting rights of the company.

(iv) *Code amendments*

5.5 In the light of the above, the Code Committee has:

- (a) introduced the new paragraph (i) of **section 3(e) of the Introduction** to the Code;
- (b) made a minor consequential amendment to the introductory paragraph to **section 3 of the Introduction**, with one minor drafting amendment to the cross-reference to paragraph (ii) of **section 3(e) of the Introduction**; and
- (c) amended the heading to **section 3(e) of the Introduction** and introduced a new sub-heading to the current **section 3(e) of the Introduction** (which will become paragraph (ii) of **section 3(e) of the Introduction**),

as proposed in paragraph 5.6 of the PCP and as set out in **Appendix B**.

(b) *Rule 9 dispensation by disclosure*

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?

(i) *Summary of the proposal*

5.6 **Section 5(c)** of the PCP proposed the introduction of a new **Note 6 of the Notes on Dispensations from Rule 9** to provide an ability for the Panel to grant, at the time of a company's IPO that would result in it becoming subject to the Code, a dispensation from a potential obligation in the future for a person or group of persons acting in concert to make a mandatory offer under **Rule 9.1**, provided that appropriate disclosure is made in the IPO admission document.

5.7 It was proposed that any such Rule 9 dispensation by disclosure would be invalidated if the relevant person, or any person acting in concert with it, acquires any interests in shares between the admission to trading of the company's securities and the trigger event which gives rise to the mandatory offer obligation.

- 5.8 It was also proposed that the Panel will normally give its consent under the new **Note 6(b) of the Notes on Dispensations from Rule 9** where it is satisfied that, if the acquisition of interests in shares were to have taken place following a trigger event, the Panel would not have required the relevant person, or person acting in concert with it, to make a mandatory offer as a result of that acquisition. Paragraph 2.50 of the PCP provided examples of acquisitions of interests in shares that would, and would not, normally be expected to invalidate a Rule 9 dispensation by disclosure previously granted by the Panel.

(ii) Respondents' comments

- 5.9 All of the respondents supported, or did not object to, the new **Note 6 of the Notes on Dispensations from Rule 9**.

- 5.10 One respondent sought clarification in relation to the acquisitions which the Panel would normally give its consent to under the new **Note 6(c) of the Notes on Dispensations from Rule 9** so as not to invalidate a Rule 9 waiver by disclosure. In particular:

- (a) where new shares are made available to shareholders on a pro rata basis (e.g. a dividend reinvestment plan), but certain shareholders do not take up their entitlement (such that the percentage of shares held by shareholders who do participate increases); and
- (b) acquisitions of interests in shares as a result of options or awards under the company's share incentive schemes (and whether options or awards satisfied by the transfer of shares from an employee benefit trust will be treated in the same way as options or awards satisfied by the issue of new shares).

- 5.11 The same respondent requested clarification of whether a Rule 9 waiver by disclosure would be invalidated if there is a change of control of the shareholder in question.

- 5.12 Two respondents suggested that the Code should require certain matters relating to the position of controlling (or potential controlling) shareholders to be disclosed on a company's website and/or in its annual report and accounts.

(iii) The Code Committee's response

- 5.13 As set out in paragraph 2.50(c) of the PCP, the basis on which the Panel would not normally invalidate a Rule 9 dispensation by disclosure as a result of a pro rata subscription for new shares is that, notwithstanding that the number of shares in which the relevant shareholder, and persons acting in concert with it, is interested would increase, the percentage of shares carrying voting rights in which they are interested would not change and would remain no higher than the maximum percentage disclosed

in the IPO admission document. In the event that other shareholders did not participate in a pro rata subscription then, in order for the Rule 9 dispensation by disclosure not to be invalidated, the relevant shareholder would be expected to manage its participation (in consultation with the offeree board, as necessary) such that its percentage of interests in shares carrying voting rights does not increase. If the percentage of interests in shares carrying voting rights would increase as a result of the issue of new shares to the relevant shareholder, it would normally be possible to seek a Rule 9 waiver under **Note 1 of the Notes on Dispensations from Rule 9** and **Appendix 1** of the Code.

- 5.14 The Code Committee considers that the acquisition of interests in shares as a result of options or awards under a company's incentive schemes should be treated in the same way as any other acquisition. Where the options or awards are to be satisfied by the issue of new shares, it will be possible to obtain a Rule 9 dispensation by disclosure where the options or awards are granted at the time of the IPO, or a Rule 9 waiver under **Note 1 of the Notes on Dispensations from Rule 9** for any options or awards granted following the IPO. The Code Committee understands that, in certain circumstances, the Executive may consider a similar dispensation or waiver for options or awards to be satisfied by transfers of shares from an employee benefit trust and the Executive should be consulted if this is proposed.
- 5.15 For any Rule 9 dispensation by disclosure (or any Rule 9 waiver under **Note 1 of the Notes on Dispensations from Rule 9**), the Code Committee considers that the identity of the person, or group of persons acting in concert, who would otherwise obtain or consolidate control of the company, and so incur the obligation under **Rule 9**, is relevant and important information to any person deciding whether to invest in the company (or to approve a Rule 9 waiver). If there is a change of control of a person who is the subject of a Rule 9 dispensation by disclosure or Rule 9 waiver, the Panel should be consulted since this would be likely to invalidate the dispensation or waiver.
- 5.16 The Code Committee considers that, given the other disclosure requirements for companies and shareholders³, it would not be proportionate to require a company to make annual disclosures or to maintain up-to-date information on its website in relation to its controlling (or potentially controlling) shareholders and persons acting in concert with them, or to require a company to make enquiries of such persons in order to ensure the accuracy of the disclosures.

³ For example, the Disclosure Guidance and Transparency Rules

(iv) *Code amendments*

5.17 In the light of the above, the Code Committee has:

- (a) introduced the new **Note 6 of the Notes on Dispensations from Rule 9** (replacing the current **Note 6**, the substance of which has been incorporated into the new **Rule 37.3** – see **Section 6** below), as proposed in paragraphs 5.13 and 5.15 of the PCP;
- (b) included in the new paragraph (i) of **section 3(e) of the Introduction** to the Code a reference to the new **Note 6 of the Notes on Dispensations from Rule 9**, as proposed in paragraph 5.14 of the PCP; and
- (c) introduced the new **Note on Rule 37.2**, as proposed in paragraph 2.57 of the PCP, as set out in **Appendix B**.

6. Share buybacks and enfranchisement of non-voting shares

(a) *Deemed acquisitions; directors and related persons; innocent bystanders*

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?

(i) *Summary of proposals*

- 6.1 **Rule 37.1** provides that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or a group of persons acting in concert is interested will be treated as an “**acquisition**” of an interest in shares for the purpose of **Rule 9**. However, the Panel will normally waive any resulting obligation to make a mandatory offer if there is a vote of independent shareholders and a procedure on the lines of that set out in **Appendix 1** of the Code is followed.
- 6.2 **Note 1 on Rule 37.1** provides, by way of exception to the potential mandatory offer obligation referred to in **Rule 37.1**, that a person who comes to exceed a Rule 9 threshold in consequence of a share buyback will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors. This is commonly referred to as the person having “**innocent bystander**” status and the dispensation is granted on the basis that, if the shareholder is not a director or related person, it cannot have been responsible for taking the decision that the company should redeem or purchase its own shares, such that the increase in its percentage shareholding carrying voting rights through a Rule 9 threshold did not occur as a result of any action on its part.
- 6.3 **Note 2 on Rule 37.1** provides that the exception in **Note 1 on Rule 37.1** will not apply, and an obligation to make a mandatory offer may therefore be imposed on a person who would otherwise be an “innocent bystander”, if the person (or any member of a group of persons acting in concert) has acquired an interest in shares at a time when the person had reason to believe that such a share buyback would be implemented. In these circumstances, the decision by the person to acquire an interest in shares would have been taken when it had reason to believe that it would subsequently increase its percentage shareholding carrying voting rights through a Rule 9 threshold upon the occurrence of the share buyback.

6.4 **Section 6(c)** of the PCP proposed that the current **Rule 37.1** and **Notes 1 and 2** thereon should be restated so as to draw a more explicit distinction between “innocent bystanders” and “directors or related persons” and to explain more clearly that:

- (a) where a person who would be required to make a mandatory offer as a result of a share buyback is, or is acting in concert with, a **director** of the company, the Panel will normally grant a Rule 9 waiver, conditional on the approval of independent shareholders (subject to the “**disqualifying transactions**” regime); and
- (b) where a person who would be required to make a mandatory offer as a result of a share buyback is an “**innocent bystander**”, the Panel will normally grant a dispensation from **Rule 9.1** (without requiring the approval of independent shareholders), unless the person, or any person acting in concert with it, acquired an interest in shares carrying voting rights at a time when the person had reason to believe that such a share buyback would be implemented.

(ii) *Respondents’ comments*

6.5 All of the respondents supported, or did not object to, the proposals.

(iii) *Code amendments*

6.6 Given that companies most commonly redeem or purchase their own shares pursuant to a specific and announced share buyback programme, the Code Committee has concluded that the new **Rule 37.1(c)** and **Notes 1(b), 1(c), 1(d), 2(a) and 2(c) on Rule 37.1** should refer to “*a specific share buyback programme or other specific redemption or purchase*” and not only to “*a specific redemption or purchase*”. This is intended to clarify that the Panel will normally not grant a Rule 9 waiver under the new **Rule 37.1(b)**, or a dispensation from Rule 9 under the new **Rule 37.1(c)**, if the relevant person (or any person acting in concert with it) acquired an interest in shares carrying voting rights at a time when that person had reason to believe that (i) a specific share buyback programme or (ii) any other specific redemption or purchase by the company of its own shares would be implemented, either because the company had announced the commencement of the share buyback programme or for some other reason.

6.7 In addition, the Code Committee considers that it would be preferable to include the first sentence of the current **Note 4 on Rule 37.1**, which requires the Panel to be consulted in any case where **Rule 9** might be relevant, at the end of the new **Rule 37.1(a)**, as opposed to making the new **Rules 37.1(b) and (c)** subject to prior consultation by the company. Consultation would therefore be required in any case where a person (or group of persons acting in concert):

- (a) is interested in shares carrying 30% or more of the voting rights of a company but does not hold shares carrying more than 50% of the voting rights; or
- (b) may become interested in shares carrying 30% or more of the voting rights if a specific share buyback programme or other redemption or purchase of its own shares by the company were to be implemented in full.

6.8 In the light of the above, the Code Committee has introduced:

- (a) the new **Rule 37.1** and **Notes 1(a) and 2(a)** thereon as proposed in paragraph 6.6 of the PCP, save that it has made the minor amendments described in paragraphs 6.6 and 6.7 above, such that those provisions will read as follows:

“37.1 REDEMPTION OR PURCHASE BY A COMPANY OF ITS OWN SHARES

(a) When a company redeems or purchases its own shares, any resulting increase in the percentage of voting rights carried by the shares in which a person, or group of persons acting in concert, is interested will be treated as an acquisition of interests in shares carrying voting rights for the purpose of Rule 9.1. The Panel must be consulted in advance in any case where Rule 9.1 might be relevant.

(b) ~~Subject to prior consultation by the company, the~~ The Panel will normally waive an obligation on a person referred to in Note 1(a) to make a mandatory offer on the condition that, prior to the redemption or purchase by the company of its own shares, a procedure substantially similar to that set out in Appendix 1 is followed, including the approval of independent shareholders (see also Note 1).

(c) ~~Subject to prior consultation by the company, the~~ The Panel will normally grant a dispensation from an obligation on a person other than a person referred to in Note 1(a) to make a mandatory offer, unless the person, or any person acting in concert with it, ~~has acquired an interest in shares carrying voting rights at a time when the person had reason to believe that such a specific share buyback programme or other specific redemption or purchase of its own shares by the company would take place be implemented~~ (see also Note 2).

NOTES ON RULE 37.1

1. Directors and related persons

(a) Rule 37.1(b) applies to a person who is a director of the company or who is, or is presumed to be, acting in concert with any of the directors. A person who has appointed a representative to the board of the company, or an investment manager or investment adviser to the company, will be treated for these purposes as a director.

...

2. Other persons

(a) The fact that a person to whom Rule 37.1(c) applies was aware at the time that it, or any person acting in concert with it, acquired an interest in shares carrying voting rights that the company had obtained or intended to obtain a

general shareholders' authority to redeem or purchase its own shares will not normally prevent a dispensation from being granted under Rule 37.1(c), provided that the person did not have any reason to believe that a specific share buyback programme or other specific redemption or purchase would take place be implemented.;

- (b) the new **Note 1(e) on Rule 37.1** as proposed in paragraph 6.8 of the PCP; and
- (c) the new **Note 2(b) on Rule 37.1** as proposed in paragraph 6.10 of the PCP, save that the reference to **Rule 9.1(a)** has been replaced with a reference to **Rule 9.1**,

as set out in **Appendix B**.

(b) Disqualifying transactions

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?

(i) Summary of proposals

6.9 The current **Note 5 on Rule 37.1** provides, in respect of directors and related persons, that:

- (a) the Panel will not normally agree to grant a Rule 9 waiver if such a person has acquired an interest in shares in the knowledge that the company intended to seek permission from its shareholders to redeem or purchase its own shares (**Note 5(a) on Rule 37.1**); and
- (b) a Rule 9 waiver will be “invalidated” if any such acquisitions are made by such a person in the period between the proposed publication date of the circular and the shareholders’ meeting (**Note 5(b) on Rule 37.1**).

Such acquisitions are referred to as “**disqualifying transactions**”.

6.10 **Section 6(d)** of the PCP proposed to amend the provisions relating to the disqualifying transactions which preclude a Rule 9 waiver in relation to a share buyback, in order to reduce restrictions on companies which would otherwise wish to carry out a share buyback under their normal annual shareholder authority.

6.11 Under the new **Note 1(b) on Rule 37.1**, the Panel will not normally grant a Rule 9 waiver if a director, or a person acting in concert with that director, acquired an interest in shares at a time when it had reason to believe that the company would implement a specific share buyback (rather than, as in the current **Note 5(a)**, that the company intended to seek shareholder authority for a share buyback, which many companies do every year).

6.12 Under the new **Note 1(d) on Rule 37.1**, if any acquisitions are made by a director, or a person acting in concert with that director:

- (a) in the period between the publication date of the Rule 9 waiver circular and the shareholders' meeting, but at a time when they did not have any reason to believe that a specific share buyback would be implemented; or
- (b) following the approval of the Rule 9 waiver by shareholders (regardless of whether, at the time of the acquisition, they had reason to believe that a specific share buyback would be implemented),

the company will be permitted to implement the share buyback or buyback programme only to the extent that the relevant person or group of persons acting in concert does not become interested in shares carrying more than the maximum percentage of voting rights disclosed in the Rule 9 waiver circular.

(ii) *Respondents' comments*

6.13 All of the respondents supported, or did not object to, the proposals.

(iii) *Code amendments*

6.14 In the light of the above, the Code Committee has replaced the current **Note 5 on Rule 37.1** with the new **Notes 1(b), (c) and (d) on Rule 37.1** as proposed in paragraph 6.19 of the PCP, save for the amendments described in paragraph 6.6 above and certain other minor amendments, such that the provisions will read as follows:

"1. Directors and related persons

...

(b) ~~Notwithstanding that the redemption or purchase of shares is made conditional upon the prior approval of independent shareholders, the~~ The Panel will not normally grant a waiver under Rule 37.1(b), notwithstanding that the redemption or purchase of shares is made conditional upon the prior approval of independent shareholders, if the relevant person, or any person acting in concert with it, ~~has~~ acquired an interest in shares carrying voting rights prior to the shareholders' meeting to approve the Rule 9 waiver and at a time when the person had reason to believe that a specific share buyback programme or other specific redemption or purchase would take place ~~be implemented~~.

(c) The fact that the relevant person referred to in Note 1(a) was aware at the time that it, or any person acting in concert with it, acquired an interest in shares carrying voting rights that the company intended to obtain a general shareholders' authority to redeem or purchase its own shares will not normally prevent a waiver from being granted under Rule 37.1(b), provided that the person did not have any reason to believe that a specific share buyback programme or other specific redemption or purchase would take place ~~be implemented~~.

(d) *If the relevant person referred to in Note 1(a), or any person acting in concert with it, acquired an interest in shares carrying voting rights either:*

(i) in the period between the publication date of the Rule 9 waiver circular and the shareholders' meeting but at a time when the person did not have any reason to believe that a specific share buyback programme or other specific redemption or purchase would take place be implemented; or

(ii) following the approval of the Rule 9 waiver by shareholders,

the company will be permitted to redeem or purchase its own shares only to the extent that the relevant person, or group of persons acting in concert, does not become interested in shares carrying more than the maximum percentage of voting rights disclosed in the Rule 9 waiver circular.”,

as set out in **Appendix B**.

(c) Disclosure of maximum percentage interests of relevant persons

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?

(i) Summary of proposal

6.15 **Section 6(e)** of the PCP proposed the introduction of a requirement to disclose the maximum percentage of shares carrying voting rights in which the relevant person, or group of persons acting in concert, might become interested where a company is proposing to carry out a share buyback in which the voting rights of an “innocent bystander” might be increased through a Rule 9 threshold.

(ii) Respondents' comments

6.16 All of the respondents supported, or did not object to, the proposal.

6.17 One respondent suggested that the Panel should allow a shareholder to challenge a determination that another shareholder had “innocent bystander” status.

6.18 The same respondent suggested that the disclosure of the maximum percentage of voting rights in which the relevant person, or a group of persons acting in concert, might become interested should additionally categorise the types of interests in shares of which the maximum percentage was made up.

(iii) *The Code Committee's response*

- 6.19 Guidance or rulings in relation to the application of any provision of the Code may be obtained by persons with a sufficient interest in the matter, as set out in **section 6 of the Introduction** to the Code.
- 6.20 The Code Committee does not consider that it is proportionate to require a company to categorise the types of interest within the maximum percentage of shares carrying voting rights in which an “innocent bystander” is interested. Information about the interests of the innocent bystander will often be available from disclosures made pursuant to other regulatory regimes.
- 6.21 As explained in paragraph 6.6 above, companies most commonly redeem or purchase their own shares in accordance with a specific share buyback programme, the announcement of which will usually refer to a programme of repurchases of shares of up to a maximum total monetary value. A company may carry out a share buyback programme over an extended period and, depending on market conditions and other factors, may not in that period buy back shares equal to the maximum value announced on commencement of the share buyback programme. The Code Committee considers that, for the purposes of the new **Note 2(c) on Rule 37.1**, the company should disclose the maximum percentage of voting rights in which an innocent bystander might become interested if the share buyback programme is implemented in full and has amended the new **Note 2(c) on Rule 37.1** to clarify this. The Code Committee considers that, in calculating that maximum percentage, the company should assume that it will not purchase any shares from the innocent bystander. The company may also need to make an assumption as to the price per share at which the share buyback programme will be implemented, for example, the closing price on, or a volume-weighted average price for a defined period ending on, the trading day prior to announcement of the programme.

(iv) *Code amendments*

- 6.22 In the light of the above, the Code Committee has introduced the new **Note 2(c) on Rule 37.1** as proposed in paragraph 6.22 of the PCP, save for the minor amendments described in paragraphs 6.6 and 6.21 above, such that it will read as follows:

“2. Other persons

...

(c) *Where the Panel has granted a dispensation from Rule 9 under Rule 37.1(c), the company must at the time it announces the commencement of a specific share buyback programme or other specific redemption or purchase of its own shares disclose the maximum percentage of voting rights in which the relevant person, or group of persons acting in concert, might become interested ~~as a result of the implementation of the redemption or purchase~~ if the specific share*

buyback programme or other specific redemption or purchase is implemented in full.",

as set out in **Appendix B**.

(d) Renewals

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?

(i) Summary of proposals

6.23 **Section 6(f)** of the PCP proposed that:

- (a) the reference to Chapter 4 of Part 18 of the Companies Act 2006 be removed from the current **Note 6 on Rule 37.1** in order to take account of the fact that the relevant authority may have been provided under the relevant law in the Channel Islands or Isle of Man; and
- (b) an amended form of the current **Note 6 on Rule 37.1** be introduced as the new **Note 3 on Rule 37.1**.

(ii) Respondents' comments

6.24 All of the respondents supported, or did not object to, the proposals.

(iii) Code amendments

6.25 In the light of the above, the Code Committee has introduced the new **Note 3 on Rule 37.1** as proposed in paragraph 6.25 of the PCP and as set out in **Appendix B**.

(e) Offer by way of redemption or purchase of own shares

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?

(i) Summary of proposal

6.26 **Section 6(g)** of the PCP proposed the introduction of a new **Note 4 on Rule 37.1** to require the Panel to be consulted in relation to a proposed purchase by a company of its own shares which could result in all or substantially all of the company's shares being

held by one person or concert party and to provide that, in line with the Executive's existing practice, the Panel will normally treat such a transaction as an offer.

(ii) Respondents' comments

- 6.27 All of the respondents supported, or did not object to, the proposal.
- 6.28 Two of the respondents requested guidance on the Panel's approach and expectations in relation to the application of the Code to an offer by way of redemption or purchase by a company of its own shares.
- 6.29 One respondent requested clarification of the meaning of the term "all or substantially all" of the company's shares in the new **Note 4 on Rule 37.1**.

(iii) The Code Committee's response

- 6.30 The Executive's practice to date has been to tailor its approach to an offer by way of redemption or purchase by a company of its own shares based on the circumstances of the particular transaction, which can vary significantly.
- 6.31 The Code Committee understands that, where prior to a share buyback the person or concert party which will hold all or substantially all of the shares following the share buyback already holds more than 50% of the company's shares, and if certain other conditions are met, the Executive may consider granting dispensations from various requirements of the Code.
- 6.32 The Code Committee notes that the meaning of "all or substantially all" in the new **Note 4 on Rule 37.1** will be determined by the Panel in the circumstances of each case. If there is any doubt as to whether the shares concerned would constitute all or substantially all of a company's shares in a particular case, the Panel should be consulted.

(iv) Code amendments

- 6.33 In the light of the above, the Code Committee has introduced the new **Note 4 on Rule 37.1** as proposed in paragraph 6.28 of the PCP and as set out in **Appendix B**.

(f) Proposed deletions of certain provisions of Rule 37

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?

(i) Summary of proposals

- 6.34 **Section 6(h)** of the PCP proposed that the following provisions of **Rule 37** be deleted:

- (a) the final sentence of the current **Note 1 on Rule 37.1** (persons who will not be required to make a mandatory offer), on the basis that it is well understood that there is no presumption that all the directors (or any two or more directors) are acting in concert solely by reason of a proposed share buyback, or the decision to seek shareholders' authority for any such share buyback;
- (b) the current **Note 4 on Rule 37.1** (prior consultation), on the basis that companies and their advisers will consult the Panel on any matter relating to a share buyback where **Rule 9** might be relevant, and that the effect of the new **Rule 37.1** and the new **Notes 1 and 2 on Rule 37.1** should ensure that this is the case;
- (c) the current **Note 7** (responsibility for making an offer) and **Note 8** (inadvertent mistake) on **Rule 37.1**, on the basis that they do not add anything to the provisions of, respectively, **Rule 9.2** (obligations of other persons) and **Note 4 of the Notes on Dispensations from Rule 9** (inadvertent mistake); and
- (d) the current **Rule 37.2** (limitation on subsequent acquisitions), on the basis that it does not add anything to the provisions of **Rule 9.1**.

(ii) *Respondents' comments*

6.35 All of the respondents supported, or did not object to, the proposals.

6.36 With regard to the proposed amendments referred to in paragraph 6.34(c) above, one respondent noted that the final sentence of the current **Note 7 on Rule 37.1** is not reflected in **Rule 9.2** and suggested that it could be retained. That sentence states:

"In exceptional cases, responsibility for making an offer may attach to one or more directors if, in the view of the Panel, there has been a failure by the board as a whole, or by any one or more individual directors, to address satisfactorily the implications of a redemption or purchase by the company of its own shares in relation to interests in shares of directors or parties acting in concert with one or more directors."

(iii) *The Code Committee's response*

6.37 The Code Committee considers that the **Note on Rule 9.2**, which discusses which person will have the prime responsibility for making a mandatory offer, affords the Panel flexibility to attach responsibility for making the offer to a director if that director is a member of the concert party which has incurred the obligation to make a mandatory offer under **Rule 9**. As referred to in paragraph 6.34(a) above, there is no presumption that all of the directors of a company (or any two or more directors) are acting in concert solely by reason of a proposed share buyback, or the decision to seek shareholders' authority for any such share buyback. Therefore, the Code Committee does not consider that the

Panel should be able to require a director to make an offer if that director is not a member of a concert party which incurred an obligation under **Rule 9**.

(iv) *Code amendments*

6.38 In the light of the above, the Code Committee has:

- (a) deleted 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**, as proposed in paragraph 6.29 of the PCP; and
- (b) made the minor and consequential amendments to **Section 3 of Appendix 1** and paragraph (c) of **Section 7 of Appendix 1**, as proposed in paragraph 6.30 of the PCP and as set out in **Appendix B**.

(g) *Enfranchisement of non-voting shares*

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?

(i) *Summary of proposal*

6.39 **Section 6(i)** of the PCP proposed that the current **Note 6 of the Notes on Dispensations from Rule 9** (enfranchisement of non-voting shares) should be amended to be consistent with the new **Rule 37.1** and **Rule 37.2** and that it should be moved to become the new **Rule 37.3**.

(ii) *Respondents' comments*

6.40 All of the respondents supported, or did not object to, the proposal.

(iii) *Code amendments*

6.41 In the light of the above, the Code Committee has:

- (a) deleted the current **Note 6 of the Notes on Dispensations from Rule 9** as proposed in paragraph 6.32 of the PCP; and;
- (b) introduced the new **Rule 37.3** as proposed in paragraph 6.32 of the PCP, save that, consistent with the amendments made to **Rule 37.1** (as described in paragraph 6.7 above), it has made minor amendments to the Rule, such that it will read as follows:

"37.3 ENFRANCHISEMENT OF NON-VOTING SHARES

(a) When non-voting shares are enfranchised, any resulting increase in the percentage of voting rights carried by the shares in which a person, or group of persons acting in concert, is interested will be treated as an acquisition of interests in shares carrying voting rights for the purpose of Rule 9.1. The Panel must be consulted in advance in any case where Rule 9.1 might be relevant.

(b) ~~Subject to prior consultation, the~~ The Panel will normally grant a dispensation from any resulting obligation on such a person to make a mandatory offer, unless the person, or any person acting in concert with it, acquired an interest in shares at a time when the person had reason to believe that such enfranchisement of non-voting shares would take place.",

as set out in **Appendix B**.

APPENDIX A**RESPONDENTS TO PCP 2025/1**

1. Chartered Governance Institute UK & Ireland (CGI)
2. Institute of Chartered Accountants in England and Wales (ICAEW)
3. Joint Working Party of the Company Law Committees of the City of London Law Society and the Law Society of England and Wales
4. Norges Bank Investment Management (NBIM)
5. Quoted Companies Alliance (QCA)
6. Professor Bobby Reddy, Professor of Corporate Law and Governance at the University of Cambridge
7. UK Finance

APPENDIX B

AMENDMENTS TO THE CODE

INTRODUCTION

3 COMPANIES, TRANSACTIONS AND PERSONS SUBJECT TO THE CODE

This section (except for sections 3(d) and paragraph (ii) of section 3(e)) sets out the rules as to the companies, transactions and persons to which the Code applies.

...

(e) Admission to trading and cCancellation of admission to trading

(i) Initial public offering or admission to trading

Where a company is considering an initial public offering or admission to trading of its securities as a result of which the Code would then apply to the company under paragraph (i) of section 3(a) above, it must make appropriate disclosure in respect of the Code in the admission document, including an explanation of the application of Rule 9 and disclosure of details of any person, or group of persons acting in concert, that will be, or is expected to become, interested in shares carrying 30% or more of the voting rights of the company. The Panel must be consulted so that guidance can be given on the appropriate disclosure.

See also Note 6 of the Notes on Dispensations from Rule 9.

(ii) Cancellation of admission to trading

A company referred to in paragraph (i) of section 3(a) above may decide that it wishes to cancel the admission of its securities to trading on a UK regulated market, a UK MTF, or a stock exchange in the Channel Islands or the Isle of Man. In such circumstances, early consultation with the Panel is advised so that guidance can be given on the appropriate disclosure to be made to shareholders about the fact that, as a result of the cancellation of the admission of its securities to trading, the company will fall within paragraph (ii) of section 3(a) above for a period of two years, following which the Code will cease to apply.

Rule 2.9

2.9 ANNOUNCEMENT OF NUMBERS OF RELEVANT SECURITIES IN ISSUE

...

NOTES ON RULE 2.9

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3. Dual class share structures

Where the offeree company or a securities exchange offeror has a class of shares with enhanced voting rights where each such share carries multiple votes, any announcement made under Rule 2.9 must explain the voting rights carried by each class of shares. The Panel must be consulted on the form of the announcement.

Rule 9

9.1 WHEN A MANDATORY OFFER IS REQUIRED AND WHO IS PRIMARILY RESPONSIBLE FOR MAKING IT

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(See the Notes on Dispensations from Rule 9 and, in respect of share buybacks, dual class share structures and enfranchisement of non-voting shares, Rule 37.)

...

NOTES ON RULE 9.1

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11. The reduction or dilution of interests in shares

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(See also Rule 37-4.)

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9.3 RESTRICTION ON CONDITIONS

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NOTES ON RULE 9.3

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3. Dual class share structures

(a) In the circumstances described in Note 3(b), an offer made under Rule 9 must be conditional only upon the offeror having received acceptances in respect of shares which, together with shares acquired or agreed to be acquired before or during the offer, will result in the offeror and any person acting in concert with it holding both:

(i) shares carrying, in aggregate, over 50% of the voting rights immediately before the offer becomes unconditional; and

(ii) shares which would carry, in aggregate, over 50% of the voting rights immediately after any conversion or extinguishing of the shares with enhanced voting rights (or of the voting rights carried by such shares).

(b) Note 3(a) applies where an offer is made for an offeree company with a class of shares with enhanced voting rights where each such share carries multiple votes and, upon transfer of those shares or upon the offer becoming unconditional, either:

(i) the shares would convert into ordinary shares; or

(ii) the shares (or the voting rights carried by such shares) would be extinguished.

...

9.5 CONSIDERATION TO BE OFFERED

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NOTES ON RULE 9.5

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3. Adjustment of highest price

Circumstances which the Panel might take into account when considering an adjustment of the highest price include:

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(g) *if an offer is required in the circumstances set out in Rule 37.4.*

...

6. Share buybacks, dual class share structures and enfranchisement of non-voting shares

Where a mandatory offer is required as a result of the application of Rule 37, the Panel must be consulted to determine the price at which the offer must be made.

...

NOTES ON DISPENSATIONS FROM RULE 9

...

6. Enfranchisement of non-voting shares

~~*There is no requirement to make an offer under Rule 9 if a person interested in non-voting shares becomes upon enfranchisement of those shares interested in shares carrying 30% or more of the voting rights of a company, except where shares or interests in shares have been acquired at a time when the person had reason to believe that enfranchisement would take place.*~~

6. Rule 9 dispensation by disclosure on an IPO

(a) Where a company is considering an initial public offering or admission to trading of its securities and the company either:

(i) has issued, or will issue prior to becoming subject to the Code, shares or securities convertible into, warrants in respect of, or options or other rights to subscribe for, new shares, the issue, conversion or exercise of which might otherwise result in an obligation for a person to make an offer under Rule 9.1; or

(ii) has, or will have prior to becoming subject to the Code, a class of shares with enhanced voting rights where each such share carries multiple votes, and a specific person might otherwise incur an obligation to make an offer under Rule 9.1 upon the occurrence of a Trigger Event (as defined in Rule 37.2), whether such Trigger Event is the expiry of a time limit for the enhanced voting rights or otherwise.

the Panel will normally grant a dispensation from the potential obligation to make an offer under Rule 9.1 in the circumstances described, provided that appropriate disclosure is made in the admission document.

(b) Except with the consent of the Panel, any dispensation granted in respect of a company referred to in paragraph (a)(ii) above will be invalidated if the relevant person, or any person acting in concert with it, acquires any interests in shares between the admission to trading of the company's securities and the Trigger Event.

(c) The Panel will normally give its consent under paragraph (b) where it is satisfied that, if the acquisition were to have taken place following a Trigger Event, it would not have required the relevant person, or any person acting in concert with it, to make a mandatory offer as a result of the acquisition of interests in shares.

Rule 10.1

10.1 REQUIREMENT FOR 50% ACCEPTANCE CONDITION

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NOTES ON RULE 10.1

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9. Dual class share structures

(a) In the circumstances described in Note 9(b), the acceptance condition required by Rule 10.1 must not be capable of being satisfied unless the offeror has acquired or agreed to acquire (either pursuant to the offer or otherwise) both:

(i) shares carrying, in aggregate, over 50% of the voting rights immediately before the offer becomes unconditional; and

(ii) shares which would carry, in aggregate, over 50% of the voting rights immediately after any conversion or extinguishing of the shares with enhanced voting rights (or of the voting rights carried by such shares).

(b) Note 9(a) applies where an offer is made for an offeree company with a class of shares with enhanced voting rights where each such share carries multiple votes and, upon transfer of those shares or upon the offer becoming unconditional, either:

(i) the shares would convert into ordinary shares; or

(ii) the shares (or the voting rights carried by such shares) would be extinguished.

Rule 14.2

14.2 SEPARATE OFFERS FOR EACH CLASS

Except with the consent of the Panel, wWhere an offer is made for more than one class of share, separate offers must be made for each class.

Rule 16.1**16.1 SPECIAL DEALS WITH FAVOURABLE CONDITIONS**

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NOTES ON RULE 16.1

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4. Dual class share structures

The Panel must be consulted in relation to the application of Rule 16.1 where an offer is made for a company with a dual class share structure.

Rule 17**RULE 17. ANNOUNCEMENT OF ACCEPTANCE LEVELS**

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NOTES ON RULE 17

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4. Dual class share structures

Where the offeree company has a class of shares with enhanced voting rights where each such share carries multiple votes, any announcement made under Rule 17.1 must, for the purposes of each requirement in Rule 17.2, specify the voting rights carried by the shares and relevant securities with reference to the requirements of each of paragraphs (i) and (ii) of Note 3(a) on Rule 9.3 or Note 9(a) on Rule 10.1 (as applicable). The Panel must be consulted on the form of the announcement.

Rule 26**RULE 26. DOCUMENTS TO BE PUBLISHED ON A WEBSITE**

...

NOTES ON RULE 26

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7. Announcements not required to be published on a website

The following announcements do not need to be published on a website:

...

(b) announcements of the number of relevant securities in issue under Rule 2.9, unless such announcements contain an explanation of the voting rights of a company with a dual class share structure under Note 3 on Rule 2.9, in which case the most recent announcement must be published on the website.

Rule 37⁴**RULE 37. SHARE BUYBACKS, DUAL CLASS SHARE STRUCTURES AND ENFRANCHISEMENT OF NON-VOTING SHARES****37.1 REDEMPTION OR PURCHASE BY A COMPANY OF ITS OWN SHARES**

(a) When a company redeems or purchases its own shares, any resulting increase in the percentage of voting rights carried by the shares in which a person, or group of persons acting in concert, is interested will be treated as an acquisition of interests in shares carrying voting rights for the purpose of Rule 9.1. The Panel must be consulted in advance in any case where Rule 9.1 might be relevant.

(b) The Panel will normally waive an obligation on a person referred to in Note 1(a) to make a mandatory offer on the condition that, prior to the redemption or purchase by the company of its own shares, a procedure substantially similar to that set out in Appendix 1 is followed, including the approval of independent shareholders (see also Note 1).

(c) The Panel will normally grant a dispensation from an obligation on a person other than a person referred to in Note 1(a) to make a mandatory offer, unless the person, or any person acting in concert with it, acquired an interest in shares carrying voting rights at a time when the person had reason to believe that a specific share buyback programme or other specific redemption or purchase of its own shares by the company would be implemented (see also Note 2).

NOTES ON RULE 37.1**1. Directors and related persons**

(a) Rule 37.1(b) applies to a person who is a director of the company or who is, or is presumed to be, acting in concert with any of the directors. A person who has appointed a representative to the board of the company, or an investment manager or investment adviser to the company, will be treated for these purposes as a director.

(b) The Panel will not normally grant a waiver under Rule 37.1(b), notwithstanding that the redemption or purchase of shares is made conditional upon the prior approval of independent shareholders, if the relevant person, or any person acting in concert with it, acquired an interest in shares carrying voting rights prior to the shareholders' meeting to approve the Rule 9 waiver and at a time when the person had reason to believe that a specific share buyback programme or other specific redemption or purchase would be implemented.

(c) The fact that the relevant person referred to in Note 1(a) was aware at the time that it, or any person acting in concert with it, acquired an interest in shares carrying voting rights that the company intended to obtain a general shareholders' authority to redeem or purchase its own shares will not normally prevent a waiver from being granted under Rule 37.1(b), provided that the person did not have any reason to believe that a specific share buyback programme or other specific redemption or purchase would be implemented.

(d) If the relevant person referred to in Note 1(a), or any person acting in concert with it, acquired an interest in shares carrying voting rights either:

⁴ As the current **Rule 37** is being deleted in its entirety, and replaced with a new **Rule 37** as set out in this **Appendix B**, the provisions of the new **Rule 37** are not "marked up" against the current **Rule 37**

(i) in the period between the publication date of the Rule 9 waiver circular and the shareholders' meeting but at a time when the person did not have any reason to believe that a specific share buyback programme or other specific redemption or purchase would be implemented; or

(ii) following the approval of the Rule 9 waiver by shareholders,

the company will be permitted to redeem or purchase its own shares only to the extent that the relevant person, or group of persons acting in concert, does not become interested in shares carrying more than the maximum percentage of voting rights disclosed in the Rule 9 waiver circular.

(e) The company must not implement a redemption or purchase of its own shares that would result in a person referred to in Note 1(a) incurring an obligation to make a mandatory offer unless a waiver under Rule 37.1(b) has been granted.

2. Other persons

(a) The fact that a person to whom Rule 37.1(c) applies was aware at the time that it, or any person acting in concert with it, acquired an interest in shares carrying voting rights that the company had obtained or intended to obtain a general shareholders' authority to redeem or purchase its own shares will not normally prevent a dispensation from being granted under Rule 37.1(c), provided that the person did not have any reason to believe that a specific share buyback programme or other specific redemption or purchase would be implemented.

(b) If a person to whom Rule 37.1(c) applies incurs an obligation to make a mandatory offer under Rule 9.1 as a result of a redemption or purchase of its own shares by the company and the Panel does not grant a dispensation from Rule 9 under Rule 37.1(c), it is not permissible for the company to seek a Rule 9 waiver under Rule 37.1(b).

(c) Where the Panel has granted a dispensation from Rule 9 under Rule 37.1(c), the company must at the time it announces the commencement of a specific share buyback programme or other specific redemption or purchase of its own shares disclose the maximum percentage of voting rights in which the relevant person, or group of persons acting in concert, might become interested if the specific share buyback programme or other specific redemption or purchase is implemented in full.

3. Renewals

Any Rule 9 waiver will expire at the same time as the relevant shareholders' authority for the redemption or purchase by the company of its own shares (whether or not shares carrying voting rights have in fact been redeemed or purchased). Accordingly, Rule 9 waivers will normally need to be renewed at the same time as the relevant shareholders' authority is renewed.

4. Offer by way of redemption or purchase by a company of its own shares

The Panel must be consulted at an early stage where a proposed redemption or purchase by a company of its own shares could result in all or substantially all of the company's shares carrying voting rights being held by one person or a group of persons acting in concert. The Panel will normally treat such a transaction as an offer for the company by such person or persons.

37.2 DUAL CLASS SHARE STRUCTURES

(a) Where a company has a class of shares with enhanced voting rights where each such share carries multiple votes, and an event occurs which causes some or all of those shares (or the voting rights carried by such shares) either to be extinguished or to convert into ordinary shares (a "Trigger Event"), any resulting

increase in the percentage of voting rights carried by the shares in which a person, or group of persons acting in concert, is interested will be treated as an acquisition of interests in shares for the purpose of Rule 9.1.

(b) The Panel will normally grant a dispensation from any resulting obligation on such a person to make a mandatory offer unless:

(i) the Trigger Event is the expiry of any time limit applicable to the enhanced voting rights; or

(ii) the person, or a person acting in concert with it, acquired an interest in shares carrying voting rights at a time when that person had reason to believe that a Trigger Event (other than that referred to in paragraph (i)) would occur.

NOTE ON RULE 37.2

Rule 9 dispensation by disclosure

See Note 6 of the Notes on Dispensations from Rule 9.

37.3 ENFRANCHISEMENT OF NON-VOTING SHARES

(a) When non-voting shares are enfranchised, any resulting increase in the percentage of voting rights carried by the shares in which a person, or group of persons acting in concert, is interested will be treated as an acquisition of interests in shares carrying voting rights for the purpose of Rule 9.1. The Panel must be consulted in advance in any case where Rule 9.1 might be relevant.

(b) The Panel will normally grant a dispensation from any resulting obligation on such a person to make a mandatory offer, unless the person, or any person acting in concert with it, acquired an interest in shares at a time when the person had reason to believe that such enfranchisement of non-voting shares would take place.

Appendix 1

APPENDIX 1

RULE 9 WAIVERS

...

3 DISQUALIFYING TRANSACTIONS

Notwithstanding that the issue of new securities is made conditional upon the prior approval of independent shareholders:

(a) the Panel will not normally agree to grant a Rule 9 waiver if the potential controller₁ or any person acting in concert with it₁ has acquired any interest in shares ~~in the company~~ carrying voting rights in the 12 months prior to the proposed publication date of the circular but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the company in relation to the proposed issue of new securities; and

(b) a Rule 9 waiver will not be granted, or will be invalidated₁ if ~~any acquisitions of interests~~ the potential controller, or any person acting in concert with it,

acquires an interest in shares ~~are made carrying voting rights~~ in the period between the publication of the circular and the shareholders' meeting.

...

7 SUBSEQUENT ACQUISITIONS BY POTENTIAL CONTROLLERS

...

(c) See also Note 4 on Rule 9.1 and Rule 37-4.