

## **RULE 15. CONVERTIBLE SECURITIES, OPTIONS AND SUBSCRIPTION RIGHTS**

### **15.1 APPROPRIATE OFFER OR PROPOSAL**

When an offer is made for voting equity share capital or for other transferable securities carrying voting rights and the offeree company has convertible securities, options or subscription rights ("Rule 15 securities") outstanding, the offeror must make an appropriate offer or proposal to the holders of those Rule 15 securities to ensure that their interests are safeguarded. Equality of treatment is required.

### **15.2 INDEPENDENT ADVICE AND OPINION OF THE OFFEREE BOARD**

(a) The board of the offeree company must obtain competent independent advice on each offer or proposal and the substance of such advice must be made known to the holders of the Rule 15 securities.

(b) In addition, the board's opinion on each offer or proposal should be made known to the holders of the Rule 15 securities, together with a recommendation as to the action that they should take. (See also Note 3.)

### **15.3 PUBLICATION OF OFFER OR PROPOSAL**

Whenever practicable, the offer or proposal should be sent to holders of Rule 15 securities at the same time as the offer document is published but, if this is not practicable, the Panel should be consulted and the offer or proposal should be sent as soon as possible thereafter. A copy of the offer or proposal should be sent to the Panel at the time of publication.

### **15.4 CONDITIONALITY OF THE OFFER OR PROPOSAL**

The offer or proposal should not normally be made conditional on any particular level of acceptances. It may, however, be put by way of a scheme to be considered at a meeting of holders of Rule 15 securities provided that, if the scheme is not approved at that meeting, or is not sanctioned by the court, the offeror shall immediately make an offer or proposal which is not conditional on any particular level of acceptances or approval.

#### **NOTES ON RULE 15**

##### **1. *When conversion rights etc. are exercisable during an offer***

*All relevant documents, announcements and other information sent to shareholders of the offeree company and persons with information rights in connection with an offer must also, where practicable, be sent simultaneously to the holders of securities convertible into, rights to subscribe for and options*

*over shares of the same class as those to which the offer relates. If those holders of Rule 15 securities are able to exercise their rights during the course of the offer and to accept the offer in respect of the resulting shares, their attention should, where appropriate, be drawn to this in the relevant documents, announcements and other information.*

## **2. Rules 9 and 14**

*If an offer for any convertible securities is required by Rule 9 or Rule 14, compliance with the relevant Rule will be regarded as satisfying the obligation in Rule 15.1 in respect of those securities.*

## **3. Where there are different possible courses of action**

*Where:*

*(a) holders of Rule 15 securities have a choice of different possible courses of action, more than one of which can, in the board's opinion, be recommended; but*

*(b) the appropriate action for individual holders of Rule 15 securities to take will depend on various factors and their particular circumstances,*

*the board may satisfy the requirement in Rule 15.2(b) by including statements to that effect and explaining the key factors which it considers that the holders of the Rule 15 securities should take into account in making their decision as to what action to take.*