

RULE 2. SECRECY BEFORE ANNOUNCEMENTS; THE TIMING AND CONTENTS OF ANNOUNCEMENTS

2.2 WHEN AN ANNOUNCEMENT IS REQUIRED

An announcement is required:

- (a) when a firm intention to make an offer is notified to the board of the offeree company by or on behalf of an offeror, irrespective of the attitude of the board to the offer;
- (b) immediately upon an acquisition of any interest in shares which gives rise to an obligation to make an offer under Rule 9.1. The announcement that an obligation has been incurred should not be delayed while full information is being obtained; additional information can be the subject of a later supplementary announcement;
- (c) when, following an approach by or on behalf of a potential offeror to the board of the offeree company, the offeree company is the subject of rumour and speculation or there is an untoward movement in its share price;
- (d) when, after a potential offeror first actively considers an offer but before an approach has been made to the board of the offeree company, the offeree company is the subject of rumour and speculation or there is an untoward movement in its share price and there are reasonable grounds for concluding that it is the potential offeror's actions (whether through inadequate security or otherwise) which have led to the situation;
- (e) when negotiations or discussions relating to a possible offer are about to be extended to include more than a very restricted number of people (outside those who need to know in the parties concerned and their immediate advisers); or
- (f) when a purchaser is being sought for an interest, or interests, in shares carrying in aggregate 30% or more of the voting rights of a company or when the board of a company is seeking one or more potential offerors, and:
 - (i) the company is the subject of rumour and speculation or there is an untoward movement in its share price; or
 - (ii) the number of potential purchasers or offerors approached is about to be increased to include more than a very restricted number of people.

NOTES ON RULE 2.2**1. Panel to be consulted**

(a) *Whether or not a movement in the share price of a potential offeree company is untoward for the purposes of Rule 2.2(c), (d) and (f)(i) is a matter for the Panel to determine. The question will be considered in the light of all relevant facts and not solely by reference to the absolute percentage movement in the price. Facts which may be considered to be relevant in determining whether a price movement is untoward for the purposes of Rule 2.2(c), (d) and (f)(i) include general market and sector movements, publicly available information relating to the company, trading activity in the company's securities and the time period over which the price movement has occurred. This list is purely illustrative and the Panel will take account of such other factors as it considers appropriate. The percentage thresholds specified below in respect of price movements relate solely to the latest point at which consultation with the Panel is required; consultation will not necessarily lead to a requirement to make an announcement.*

(b) *In the case of Rule 2.2(c), unless an immediate announcement is to be made, the Panel should be consulted at the latest when the offeree company becomes the subject of any rumour and speculation or where there is a price movement of 10% or more above the lowest share price since the time of the approach. An abrupt price rise of a smaller percentage (for example, a rise of 5% in the course of a single day) could also be regarded as untoward and accordingly the Panel should be consulted in such circumstances.*

(c) *Similarly, in the case of Rules 2.2(d) and (f)(i), the Panel should be consulted at the latest when the potential offeree company becomes the subject of any rumour and speculation or where there is a material or abrupt movement in its share price after the time when, in the case of Rule 2.2(d), an offer is first actively considered by a potential offeror or, in the case of Rule 2.2(f)(i), either the potential seller or the board starts to seek one or more potential purchasers or offerors.*

(d) *In the case of Rule 2.2(e), the Panel should be consulted if the potential offeror and/or the offeree company wish to approach a wider group than the very restricted number of people referred to in the Rule without making an announcement.*

(e) *In the case of Rule 2.2(f)(ii), the Panel should be consulted prior to more than one potential purchaser or offeror being sought.*

2. Rumour and speculation during an offer period

Where, during an offer period, rumour and speculation specifically identifies a potential offeror which has not previously been identified in any announcement, the Panel will normally require an announcement to be made

by the offeree company or the potential offeror (as appropriate), identifying that potential offeror.

3. When a dispensation may be granted

(a) *The Panel may grant a dispensation from the requirement for an announcement to be made under Rule 2.2(c) or Rule 2.2(d) where it is satisfied that the potential offeror has ceased actively to consider making an offer for the offeree company. If such a dispensation is granted, neither the potential offeror, nor any person who acted in concert with it, nor any person who is subsequently acting in concert with either of them, may:*

(i) *within six months of the dispensation having been granted, do any of the things set out in Rules 2.8(a) to (f); or*

(ii) *within three months of the dispensation having been granted, actively consider making an offer for the offeree company, make an approach to the board of the offeree company or acquire an interest in shares in the offeree company.*

(b) *After the end of the period referred to in paragraph (a)(ii) above the Panel will normally consent to the restrictions in paragraph (a)(i) above being set aside in the circumstances set out in paragraphs (a)(i) to (iv) of Note 2 on Rule 2.8, but during the period referred to in paragraph (a)(ii) above the Panel will normally consent to the restrictions in paragraphs (a)(i) and (a)(ii) above being set aside only in the circumstances set out in paragraphs (a)(ii) to (iv) of Note 2 on Rule 2.8.*

(c) *Where a potential offeror to which a dispensation has been granted under paragraph (a) has ceased actively to consider making an offer, the Panel may nonetheless require an announcement to be made where:*

(i) *any rumour and speculation continues or is repeated; and/or*

(ii) *it considers that this is otherwise necessary in order to prevent the creation of a false market.*

Any such announcement made by the offeree company will not normally be required to identify the former potential offeror, unless it has been specifically identified in rumour and speculation.