

RULE 4. RESTRICTIONS ON DEALINGS

4.1 PROHIBITED DEALINGS BY PERSONS OTHER THAN THE OFFEROR

(a) No dealings of any kind in securities of the offeree company by any person, not being the offeror, who is privy to confidential price-sensitive information concerning an offer or contemplated offer may take place between the time when there is reason to suppose that an approach or an offer is contemplated and the announcement of the approach or offer or of the termination of the discussions.

(b) No person who is privy to such information may make any recommendation to any other person as to dealing in the relevant securities.

(c) No such dealings may take place in securities of the offeror except where the proposed offer is not price-sensitive in relation to such securities.

NOTES ON RULE 4.1

1. Other circumstances in which dealings may not take place

An offeror or other persons may also be restricted from dealing or procuring others to deal in certain other circumstances, eg before the announcement of an offer, if the offeror has been supplied by the offeree company with confidential price-sensitive information in the course of offer discussions.

2. Consortium offers and joint offerors

If an offer is to be made by more than one offeror or by a company formed by a group of persons to make an offer or by any other consortium offer vehicle, the offerors or group involved will normally be considered to be in a consortium for the purpose of this Note.

The Panel must be consulted before any acquisitions of interests in offeree company securities are made by members or potential members of a consortium. If there are existing interests in such securities, it will be necessary to satisfy the Panel that they were acquired before the consortium was formed or contemplated.

It will not normally be acceptable for members of a consortium to acquire interests in offeree company securities unless there are, for example, when a consortium company is to be the offeror, appropriate arrangements to ensure that such acquisitions are made proportionate to members' interests in the consortium company or under arrangements which give no profit to the party making the acquisition. The Panel will also be concerned to ensure that the purposes of the Code are not avoided through characterising persons acting in concert as joint offerors.

3. No-profit arrangements

Arrangements made by a potential offeror with a person acting in concert with it, whereby interests in offeree company securities are acquired by the person acting in concert, on the basis that the offeror will bear all the risks and receive all the benefits, are not prohibited by this Rule. Arrangements which contain a benefit or potential benefit to the person acting in concert (beyond normal expenses and carrying costs) are, however, normally prohibited. In cases of doubt, the Panel must be consulted.

4. When an offer will not be made

If, after an announcement has been made that offer discussions are taking place or that an approach or offer is contemplated, the discussions are terminated or the offeror decides not to make an offer, no dealings in securities of the offeree company or, where relevant, the offeror, by the offeror or by any person privy to this information may take place prior to an announcement of the position.

4.2 RESTRICTION ON DEALINGS BY AN OFFEROR AND PERSONS ACTING IN CONCERT

(a) During an offer period, neither an offeror nor any person acting in concert with it may sell any securities in the offeree company except with the prior consent of the Panel and following 24 hours public notice that such sales might be made.

(b) The Panel will not give consent for sales of securities pursuant to Rule 4.2(a):

- (i) where the offeror is making a mandatory offer under Rule 9; or**
- (ii) at below the value of a voluntary offer.**

(c) Following an announcement that sales may be made pursuant to Rule 4.2(a):

- (i) neither the offeror nor any person acting in concert with it may acquire an interest in any securities of the offeree company; and**
- (ii) the offer may not be revised other than in exceptional circumstances and only with the prior consent of the Panel.**

(d) The Panel must be consulted if an offeror or any person acting in concert with it proposes to enter into or close out any type of transaction which may result in securities in the offeree company being sold during the offer period either by that person or by the counterparty to the transaction.

4.3 GATHERING OF IRREVOCABLE COMMITMENTS

Any person proposing to contact a private individual or small corporate shareholder with a view to seeking an irrevocable commitment must consult the Panel in advance.

NOTE ON RULE 4.3

Irrevocable commitments

Where irrevocable commitments are to be sought, the Panel will wish to be satisfied that the proposed arrangements will provide adequate information as to the nature of the commitment sought; and a realistic opportunity to consider whether or not that commitment should be given and to obtain independent advice if required.

4.4 DEALINGS IN OFFEREE COMPANY SECURITIES BY CERTAIN PERSONS ACTING IN CONCERT WITH THE OFFEREE COMPANY

(a) Except with the consent of the Panel, during the offer period, none of:

- (i) a connected adviser to the offeree company;
- (ii) a connected fund manager or connected principal trader (other than an exempt fund manager or exempt principal trader) which is connected with the offeree company; or
- (iii) any person controlling, controlled by or under the same control as any such connected adviser, connected fund manager or connected principal trader,

may take any of the actions specified in paragraph (b).

See also the Note on Definitions at the end of the Definitions Section.

(b) The actions referred to in paragraph (a) are:

- (i) acquiring any interest in securities of the offeree company;
- (ii) making any loan to assist a person to acquire any interest in securities in the offeree company, other than a loan to an existing customer in the ordinary course of business and on normal commercial terms; and
- (iii) entering into any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in relation to relevant securities in the offeree company.

NOTES ON RULE 4.4

1. Irrevocable commitments and letters of intent

Rule 4.4(b)(iii) does not prevent an adviser to an offeree company from procuring irrevocable commitments or letters of intent not to accept an offer.

2. Dealing contrary to published advice

Directors and financial advisers to a company who have interests in securities in that company must not deal in such securities contrary to any advice they have published, or to any advice with which it can reasonably be assumed that they were associated, without giving sufficient public notice of their intentions together with an appropriate explanation.

4.5 RESTRICTION ON THE OFFEREE COMPANY ACCEPTING AN OFFER IN RESPECT OF TREASURY SHARES

An offeree company may not accept an offer in respect of treasury shares until after the offer is unconditional.

4.6 SECURITIES BORROWING AND LENDING TRANSACTIONS BY OFFERORS, THE OFFEREE COMPANY AND THEIR CONCERT PARTIES

(a) During an offer period, the following persons must not, except with the consent of the Panel, enter into or take action to unwind a securities borrowing or lending transaction in respect of relevant securities of the offeree company:

- (i) an offeror;**
- (ii) the offeree company; and**
- (iii) any person acting in concert with an offeror or with the offeree company.**

(b) During an offer period, where a person subject to Rule 4.6(a) enters into or takes action to unwind a securities borrowing or lending transaction in respect of relevant securities of a securities exchange offeror or, with the consent of the Panel, the offeree company, the transaction must be disclosed as if it were a dealing in those relevant securities (see Note 5(l) on Rule 8).

NOTES ON RULE 4.6

1. Return of borrowed relevant securities

The redelivery by a borrower of relevant securities (or equivalent securities) which have been recalled, or the accepting by a lender of the redelivery of relevant securities (or equivalent securities) which have not been recalled, in

each case in accordance with an existing securities borrowing or lending agreement, will not normally be treated as taking action to unwind a securities borrowing or lending transaction. However, the Panel will normally require the redelivery or the accepting of the redelivery of such relevant securities to be disclosed as if it were a dealing in those relevant securities.

2. Notice in lieu of disclosure

Where a person subject to Rule 4.6 wishes to enter into or take action to unwind more than one lending transaction in respect of relevant securities of a securities exchange offeror or, with the consent of the Panel, the offeree company, the Panel may instead require that person to give public notice that it might do so.

3. Financial collateral arrangements

If, during an offer period, a person subject to Rule 4.6 enters into, or takes action to unwind, a security financial collateral arrangement which provides a right for the collateral-taker to use and dispose of relevant securities of the offeree company as if it were the owner of those relevant securities (a “right of use”), or enters into, or takes action to unwind, a title transfer collateral arrangement in respect of relevant securities of the offeree company, this will be treated in the same way as entering into or taking action to unwind a securities lending transaction. A person subject to Rule 4.6 should not therefore enter into such an arrangement, except with the consent of the Panel. If a person subject to Rule 4.6 has an existing financial collateral arrangement in relation to relevant securities of the offeree company at the commencement of the offer period, the Panel should be consulted.

If, during an offer period, a person subject to Rule 4.6 grants a right of use, or enters into or takes action to unwind a title transfer collateral arrangement, in respect of relevant securities of a securities exchange offeror or, with the consent of the Panel, the offeree company, the transaction must be disclosed as if it were a dealing in relevant securities (see Note 5(l) on Rule 8).

4.7 SALE OF ALL OR SUBSTANTIALLY ALL OF THE OFFEREE COMPANY’S ASSETS

(a) Where an offeree company announces that it has agreed terms on which it intends to sell all or substantially all of the company’s assets (excluding cash and cash equivalents) and that it intends to return to shareholders all or substantially all of the company’s cash balances (including the proceeds of any asset sale), a purchaser or potential purchaser of some or all of those assets must not acquire interests in shares in the offeree company during the offer period unless the board of the offeree company has made a statement quantifying the amount per share that is expected to be paid to shareholders and then only to

the extent that the price paid does not exceed the amount stated. If a range is stated, the price paid must not exceed the bottom of the range.

(b) This restriction shall also apply to any person whose relationship with any asset purchaser is such that, if the asset purchaser were an offeror, that person would be treated as acting in concert with the asset purchaser.