

## **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.*