

## 18. Statements during course of offer

### 18.1 No misleading statements

~~Parties to an offer must take care not to issue statements which, while not factually inaccurate, may still mislead shareholders or create uncertainty.~~

Parties to an offer or possible offer and their advisers must take care not to issue statements which, while not factually inaccurate, may mislead shareholders and the market or may create uncertainty. In particular, an offeror must not make a statement to the effect that it may improve its offer without committing itself to doing so and specifying the improvement.

Notes to Rule 18.1:

#### 1. Holding statements

While an offeror may need to consider its position in the light of new developments, and may make a statement to that effect, and while a potential competing offeror may make a statement that it is considering making an offer, it is not acceptable for such a statement to remain unclarified for more than a limited time, particularly in the later stage of the offer period. Before any statements of this kind are made, the Executive must be consulted as to the period allowable for clarification. This does not detract in any way from the obligation to make timely announcements under Rule 3.

#### 2. Statements of support

The board of the offeree company must not make any statement about the level of support from its shareholders unless their up-to-date intention has been clearly stated to the offeree company or its advisers. The Executive will require any such statement to be verified to its satisfaction. This may include immediate confirmation being given directly to the Executive by the relevant shareholders.

### 18.2 No extension statements

If statements in relation to the duration of an offer such as “the offer will not be extended beyond a specified date unless it is unconditional as to acceptances” (“no extension statements”) are included in documents sent to offeree company shareholders, or are made by or on behalf of an offeror, its directors, officials or advisers, and not withdrawn immediately if incorrect, only in wholly exceptional circumstances will the offeror be allowed subsequently to extend its offer beyond the stated date except where the right to do so has been specifically reserved. The provisions of Rule 15.3 will apply in any event.

### 18.3 No increase statements

If statements in relation to the value or type of consideration such as “the offer will not be further increased” or “our offer remains at \$x per share and it will not be raised” (“no increase statements”) are included in documents sent to offeree company shareholders, or are made by or on behalf of an offeror, its directors, officials or advisers, and not withdrawn immediately if incorrect, only in wholly exceptional circumstances will the offeror be allowed subsequently to amend the terms of its offer in any way even if the amendment would not result in an increase of the value of the offer (e.g. the introduction of a lower paper alternative) except where the right to do so has been specifically reserved.

*Notes to Rule 18:*

1. *Firm statements*

*In general, an offeror will be bound by any firm statements as to the duration or finality of its offer. Any statement of intention will be regarded for this purpose as a firm statement and accordingly the expression “present intention” should not be used as it may be misleading to shareholders. Furthermore, the Executive will treat any indication of finality as absolute, unless the offeror clearly states the circumstances in which the statement will not apply, and will not distinguish between the precise words chosen, i.e. the offer is “final”, or will not be “increased”, “amended”, “revised”, “improved”, “changed”, and similar expressions will all be treated in the same way.*

2. *Competitive situations*

*Subject to Note 4 to this Rule 18 below, if a competitive situation arises after a no extension or no increase statement has been made, the offeror can choose not to be bound by it and to be free to extend its offer provided that:-*

- (a) ~~notice~~ an announcement to this effect is given as soon as possible (and in any event within 4 business days after the day of the announcement of the competing offer) and a circular is sent to shareholders ~~are informed in writing~~ at the earliest opportunity; and*
- (b) any ~~offeree~~ shareholders of the offeree company who accepted the offer after the date of the no extension or no increase statement are given a right of withdrawal for a period of 8 days following the date on which the ~~notice is posted~~ circular is sent.*

3. *Recommendations*

Subject to Note 4 [to this Rule 18](#) below, ~~an~~the offeror can choose not to be bound by a no extension or no increase statement which would otherwise prevent the posting of an increased or improved offer recommended for acceptance by the board of the offeree company.

4. *Reservation of right to set statements aside*

*A no extension or no increase statement may be set aside in the circumstances set out in Notes 2 and 3 [to this Rule 18](#) above only if the offeror has specifically reserved the right to do so in such circumstances at the time the statement was made; this applies whether or not the offer was recommended at the outset. The first offer document sent to shareholders in which mention is made of the statement must contain prominent reference to this reservation (precise details of which must also be included in the document). Any subsequent mention by the offeror of the statement must be accompanied by a reference to the reservation or, at the least, to the relevant sections in the document containing the details. If the right to set aside the statement has not been specifically reserved as set out above, only in wholly exceptional circumstances will the offeror be allowed to extend or increase its offer, as the case may be (except for a 14 day extension pursuant to Rule 15.3), even if a recommendation from the board of the offeree company is forthcoming or if the offer is unconditional in all respects.*