

Introduction

Welcome to the latest in our series of regular alerts containing a round-up of news from our capital markets practice. We advise companies, financial advisers and underwriters on all aspects of capital markets and public M&A transactions in all the principal markets of the UK, US, Continental Europe and Asia Pacific. We would be delighted to discuss with you any issues arising out of the items covered in this update.

Takeovers: Schemes of Arrangement and Stamp Duty

The Companies Act 2006 (Amendment of Part 17) Regulations 2015 (SI 2015/472) amend the Companies Act to prevent the use of share cancellations by target companies in takeovers conducted using schemes of arrangement. Companies will be required to use a 'transfer' scheme of arrangement or a contractual offer, on which stamp duty or stamp duty reserve tax is payable.

The regulations came into force on 4 March 2015.

A copy of the SI is available on the [GOV.UK website](http://www.gov.uk).

Pre-Emption Rights: Revised Pre-Emption Group Statement of Principles

The Pre-Emption Group has published a revised statement of principles for the disapplication of pre-emption rights. The statement of principles is intended to provide guidance to companies and shareholders on the factors to take into account when considering whether to disapply pre-emption rights and is supported by NAPF and the Investment Association.

The statement was last published in 2008. Although no changes have been made to the key thresholds for the general disapplication of pre-emption rights, the principal amendments include:

- Clarifying the scope of the statement: it applies to both UK and non-UK incorporated companies whose shares are admitted to the premium segment of the Official List.
- Clarifying that the statement applies to all issues of equity securities that are undertaken to raise cash for the issuer or its subsidiaries, regardless of the legal form of the transaction, including, for example, cashbox transactions.
- Introducing greater freedom to undertake non-pre-emptive issues of equity securities in connection with an acquisition or specified capital investment, to allow companies the opportunity to finance expansion opportunities as and when they arise.

- Introducing greater transparency on the discount at which equity securities are issued non-pre-emptively.
- Although The Pre-Emption Group encourages companies and investors to use the revised statement immediately, it acknowledges that, as the 2015 AGM season is imminent, a measure of flexibility may be required.

We have produced a more detailed note on the revised Principles which can be located on our [website](http://www.pre-emptiongroup.co.uk).

A copy of the Statement of Principles can be viewed on the [Pre-Emption Group website](http://www.pre-emptiongroup.co.uk). (PDF)

Financial Regulation: Social Media and Financial Promotions

The FCA has published a Guidance Note on financial promotions in social media. The FCA is not against companies using social media in financial promotions and reminds companies that any form of communication is capable of being a financial promotion if it includes an invitation or inducement to engage in financial activity.

All communications, including financial promotions, must be fair, clear and not misleading. Communications through social media can potentially reach a wide audience very rapidly, so firms should take that into account when considering making a financial promotion through social media. Firms should also ensure that their original communication would remain fair, clear and not misleading if it were to end up in front of a non-intended recipient (through others retweeting on Twitter or sharing on Facebook).

The Guidance details specific areas that firms need to consider and provides some solutions and illustrative examples.

A copy of the Guidance Note is available on the [FCA website](http://www.fca.gov.uk).

How Squire Patton Boggs Can Help

We would be pleased to discuss with you in more detail any of the matters raised in this update.