

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, Europe and Asia Pacific. We would be delighted to discuss with you any issues arising out of the items covered in this update.

Takeover Panel: Consultation on the Treatment of Dividends

The Takeover Panel Code Committee has outlined proposed amendments to the Takeover Code in relation to the treatment of dividends paid by an offeree company to its shareholders. The proposed amendments relate to:

- Reserving the right to reduce the offer consideration if a dividend is paid. It is proposed that if the offeror reserves that right in each of any statement in relation to the terms of the possible offer (if made), its firm offer announcement and the offer document, then it can reduce the offer consideration. However, if it does not reserve that right, it will not normally be allowed to reduce the offer consideration by all or part of a dividend which is subsequently paid by the offeree company.
- The effect of a dividend where the offeror has made a “no increase statement”. It is proposed that if an offeror has made a “no increase statement” it must reduce the value of its offer by the amount of any dividend subsequently paid by the offeree company, unless a specific reservation was included in the “no increase statement” which provided that the offeree shareholders would be entitled to receive the dividend.
- The impact of dividends on a minimum offer price established by share purchases in the offeree company by an offeror or any person acting in concert with it. The Takeover Panel proposes to replace certain Notes to clarify how dividends are treated in such circumstances.

The deadline for responding to the proposed amendments is 12 June 2015.

A copy of the Consultation Paper can be viewed on the [Takeover Panel's website](#). (PDF)

Transparency Directive: Delegated Regulation on Regulatory Technical Standards on Major Holdings

The transparency regime requires issuers whose securities are admitted to trading on a regulated market to notify major holdings, including direct and indirect holdings of financial instruments with economic effects similar to holdings of shares and entitlements to acquire shares whether or not they give a right to physical settlement. The European Commission has published a delegated regulation which sets out regulatory technical standards on major holdings under the amended Transparency Directive.

The regulation will apply from 26 November 2015.

A copy of the Regulation can be viewed in the Official Journal on the [EU website](#). (PDF)

ESMA's Response to the Capital Markets Union Green Paper

The European Securities and Markets Association (ESMA) is fully supportive of the European Commission's Green Paper on the Capital Markets Union (CMU) and to ensuring a deeper, more integrated capital market encompassing all EU member states. In its response, ESMA also outlines its commitment to working with the Commission to achieve this milestone initiative.

A copy of the response can be viewed on the [ESMA website](#). (PDF)

Tadawul Opens Doors to Foreign Investment

Saudi Arabia's Capital Market's Authority (CMA) has published its rules for qualifying foreign investment in listed shares. The rules, which will come into effect on June 1, set out the criteria and procedures for qualified foreign financial institutions (QFIs) to be considered for registration and for trading of shares starting June 15 on the Saudi Stock Exchange (Tadawul). Read more about the changes in Squire Patton Boggs' article in the [MENA IPO Insight](#).

Capital Issuance: Statistical Release

The Bank of England has released the latest set of capital issuance statistics, which contains gross and net issuance by UK residents, split by instrument and economic sector.

A copy of the Release can be viewed on the [Bank of England website](#). (PDF)

How We Can Help

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

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