
STATUTORY INSTRUMENTS

2006 No. 1183

**The Takeovers Directive (Interim
Implementation) Regulations 2006**

PART 4

Directors' Report etc.

Matters to be dealt with in directors' report

25.—(1) In this Part “directors' report” means the report prepared under section 234 of the Companies Act 1985(1)(or in the case of Northern Ireland, Article 242 of the Companies (Northern Ireland) Order 1986)(2).

(2) This Part applies to a directors' report for a financial year beginning on or after 20th May 2006, if the company had securities carrying voting rights admitted to trading on a regulated market at the end of that year.

26.—(1) In addition to the matters required by section 234ZZA of the Companies Act 1985(3) (or in the case of Northern Ireland, Article 242ZZA of the Companies (Northern Ireland) Order 1986(4)) to be contained in the directors' report, that report shall contain detailed information, by reference to the end of that year, on the following matters—

- (a) the structure of the company's capital, including in particular—
 - (i) the rights and obligations attaching to the shares or, as the case may be, to each class of shares in the company; and
 - (ii) where there are two or more such classes, the percentage of the total share capital represented by each class;
- (b) any restrictions on the transfer of securities in the company, including in particular—
 - (i) limitations on the holding of securities; and
 - (ii) requirements to obtain the approval of the company, or of other holders of securities in the company, for a transfer of securities;
- (c) in the case of each person with a significant direct or indirect holding of securities in the company, such details as are known to the company of—
 - (i) the identity of the person;
 - (ii) the size of the holding; and
 - (iii) the nature of the holding;

(1) 1985 c. 6; section 234 was inserted by Part 1 of the Companies Act 1989 (c. 40) and substituted by regulation 2 of S.I. 2005/1011.
(2) S.I. 1986/1032 (N.I.6); Article 242 was inserted by Article 10 of S.I. 1990/593 (N.I.5) and substituted by regulation 2 of S.R. 2005/61.
(3) Section 234ZZA was substituted by regulation 2 of S.I. 2005/1011.
(4) Article 242ZZA was substituted by regulation 2 of S.R.2005/61.

- (d) in the case of each person who holds securities carrying special rights with regard to control of the company—
 - (i) the identity of the person; and
 - (ii) the nature of the rights;
 - (e) where—
 - (i) the company has an employees' share scheme, and
 - (ii) shares to which the scheme relates have rights with regard to control of the company that are not exercisable directly by the employees,
how those rights are exercisable;
 - (f) any restrictions on voting rights, including in particular—
 - (i) limitations on voting rights of holders of a given percentage or number of votes;
 - (ii) deadlines for exercising voting rights; and
 - (iii) arrangements by which, with the company's co-operation, financial rights carried by securities are held by a person other than the holder of the securities;
 - (g) any agreements between holders of securities that are known to the company and may result in restrictions on the transfer of securities or on voting rights;
 - (h) any rules that the company has about—
 - (i) appointment and replacement of directors; or
 - (ii) amendment of the company's articles of association;
 - (i) the powers of the company's directors, including in particular any powers in relation to the issuing or buying back by the company of its shares;
 - (j) any significant agreements to which the company is a party that take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects of any such agreements;
 - (k) any agreements between the company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.
- (2) For the purposes of paragraph (1)(a) a company's capital includes any securities in the company that are not admitted to trading on a regulated market.
- (3) For the purposes of paragraph (1)(c) a person has an indirect holding of securities if—
- (a) they are held on his behalf; or
 - (b) he is able to secure that rights carried by the securities are exercised in accordance with his wishes.
- (4) Paragraph (1)(j) does not apply to an agreement if—
- (a) disclosure of the agreement would be seriously prejudicial to the company; and
 - (b) the company is not under any other obligation to disclose it.
- (5) The directors' report shall also contain any necessary explanatory material with regard to information that is required to be included in the report by paragraph (1).
- (6) In this regulation "securities" means shares or debentures.

Summary financial statement

27. If, in accordance with section 251 of the Companies Act 1985(5) (or as the case may be Article 259 of the Companies (Northern Ireland) Order 1986(6)), a company sends to an entitled person a summary financial statement instead of a copy of its directors' report the company shall—

- (a) include in the statement the explanatory material required to be included in the directors' report by regulation 26(5); or
- (b) send that material to the entitled person at the same time as it sends the statement.

For the purposes of paragraph (b), section 251(2A) to (2E)(7) (or as the case may be Article 259(2A) to (2E)(8)) applies in relation to the material referred to in that paragraph as it applies in relation to a summary financial statement.

Expressions in the Companies Act 1985

28. Except as otherwise provided expressions that are defined for the purposes of Part 7 of the Companies Act 1985(9) (or in the case of Northern Ireland, Part 8 of the Companies (Northern Ireland) Order 1986(10)) have the same meaning in this Part.

(5) Section 251 was substituted by section 15 of the Companies Act 1989 (c. 40) and further amended under section 257 of the Companies Act 1985 (c. 6).

(6) Article 259 was substituted by Article 17 of S.I. 1990/593 (N.I.5) and further amended under Article 265 of S.I. 1986/1032 (N.I.6).

(7) Section 251(2A) to (2E) was inserted by Article 14 of S.I. 2000/3373 and section 251(2C) was amended by regulation 12(1), (5) and (6)(a) of S.I.2005/1011.

(8) Article 259(2A) to (2E) was inserted by Article 12 of S.R.2003/3 and amended by regulation 11 of S.R.2005/61.

(9) Part 7 was inserted by section 2 of the Companies Act 1989 (c. 40).

(10) Part 8 was amended by Article 3 of S.I. 1990/593 (N.I.5).