

Common draft terms of merger

466. (1) Where a merger is proposed to be entered into, the directors of the merging companies shall draw up common draft terms of merger and approve those terms in writing.

(2) The common draft terms of merger shall state, at least:

(a) in relation to each of the transferor companies—

(i) its name,

(ii) its registered office, and

(iii) its registered number;

(b) in relation to the successor company—

(i) where the successor company is an existing company, the particulars specified in subparagraphs (i) to (iii) of paragraph (a), or

(ii) where the successor company is a new company yet to be formed, what are proposed as the particulars specified in subparagraphs (i) and (ii) of that paragraph;

(c) except in the case of a merger by absorption—

(i) the proposed share exchange ratio and amount of any cash payment,

(ii) the proposed terms relating to allotment of shares or other securities in the successor company, and

(iii) the date from which the holding of shares or other securities in the successor company will entitle the holders to participate in profits and any special conditions affecting that entitlement;

(d) the date from which the transactions of the transferor company or companies are to be treated for accounting purposes as being those of the successor company;

(e) the rights, if any, to be conferred by the successor company on members of the transferor company or companies enjoying special rights or on holders of securities other than shares representing a transferor company's capital, and the measures proposed concerning them;

(f) any special advantages granted to—

(i) any director of a merging company, or

(ii) any person appointed under section 468;

(g) the successor company's constitution;

(h) information on the evaluation of the assets and liabilities to be transferred to the successor company; and

(i) the dates of the financial statements of every merging company which were used for the purpose of preparing the common draft terms of merger.

(3) The common draft terms of merger may include such additional terms as are not inconsistent with this Chapter.

(4) The common draft terms of merger shall not provide for any shares in the successor company to be exchanged for shares in a transferor company held either—

(a) by the successor company itself or its nominee on its behalf, or

(b) by the transferor company itself or its nominee on its behalf.

(5) The date of the common draft terms of merger shall, for the purposes of this Chapter, be the date when the common draft terms of merger are approved in writing under subsection (1) by the boards of directors of the merging companies; where the dates on which those terms are so approved by each of the boards of directors are not the same, then, for the foregoing purposes, the date shall be the latest date on which those terms are so approved by a board of directors.