**Takeover offers: timetable overview and the offer document**

This element looks at some key stages in the timetable for a contractual offer, as well as the content considerations which apply only to offer documents.

**Overview of an offer timetable**

* Announcement of possible offer in which potential bidder is first identified (Rules 2.2, 2.4, 2.6(a))
* Announcement of firm intention to make an offer (Rules 2.2(a) and 2.7))
* There is a maximum of 28 days between the announcement of a possible offer and the announcement of a firm intention to make an offer (unless a PUSU extension is granted).
* **DAY 0:** Offer document sent to target shareholders and published on website (Rule 24.1(a))
* There is a maximum of 28 days between the announcement of firm intention to make an offer and Day 0 (NB the bidder must wait until 14 days after 2.7 announcement to publish the offer document unless it has target consent to earlier publication).
* **DAY 14:** Last date for target to send defence document to its shareholders and publish on website (Rule 25.1(a))
* **DAY 21:** Minimum offer period (Rule 31.2). Bidder must announce the level of acceptances received by 8am on the next business day and every 7th day thereafter (Rule 17.1)
* **DAY 39:** Final date for target to publish defence document with material new information (Rule 31.8)
* **DAY 46:** Final date for bidder to revise/increase offer (Rule 32.1(c))
* **DAY 53:** Final date for a potential competing bidder to clarify its position (Rule 2.6(d))
* **DAY 60:** The Unconditional Date i.e. the last date for bidder to declare its offer unconditional (Rule 31.1). All offer conditions must be satisfied or waived (but NB Rule 12.1 long stop date)
* **DAY 74:** Bidder pays consideration (Rule 31.9): 14 days after the later of Rule 21, the offer being declared unconditional and the receipt of the acceptance.

If the bidder obtains 75% or more of the voting rights, it will usually delist the target. If and when the bidder gets to 90% of shares to which the offer relates, the bidder can use the compulsory acquisition procedure in CA 06 to buy out the remaining minority holders.

**Offer document**

In acquisitions of private companies, it is possible for a purchaser to contract with each selling shareholder.

However, in acquisitions of public companies (particularly listed companies), it would be impractical to negotiate with each target shareholder due to the usually very large numbers of shareholders involved. Therefore, where the bidder opts to carry out a “contractual” takeover (i.e. purchase shares direct from selling shareholders), the procedure needs to be more standardised and is usually conducted by way of an offer and acceptance process as shown in the diagram on the next page.

**Offer diagram**

**Square diagram:** there is one text box in each corner of the square. The top left hand text box reads “Offeror/Bidder”. There is a blue arrow pointing from this text box to the top right hand text box which reads “Offeree/target shareholders”. The blue arrow is labelled “Offer document (conditional offer to buy shares”). There is also a blue arrow pointing from “Offeree/target shareholders” (the top right hand box) to “Offeror/Bidder” (the top left hand box) and this arrow is labelled “Acceptance form or acceptance via CREST”.

There is a line connecting the top right hand text box to the bottom right hand text box which reads “Offeree/target company”.

There is a red arrow pointing from the bottom right hand text box “Offeree/target company” to the bottom left hand text box which reads “Offeree/target company”. The red arrow is labelled “Ownership in offeree/target company moves to offeror/bidder”.

There is a red line connecting the bottom left hand text box (“Offeree/target company”) to the top right hand text box (“Offeror/Bidder”). **End of diagram.**

The terms and conditions in the offer document and the form of acceptance form the basis of the contract between the bidder and the target shareholders.

Note that, on a recommended offer, the offer document will be prepared by both the bidder and the target board and will contain information regarding both companies. In a hostile offer, the bidder will prepare the offer document and the target board responds in a defence circular.

**Summary**

* The overview of a timetable for a takeover offer is largely dictated by the Takeover Code.
* The minimum offer period is 21 days and all conditions must have been satisfied or waived by Day 60.
* In a contractual takeover, the takeover is usually conducted by way of an offer and acceptance process using an offer document.