

The UK Takeover Code Will Apply to Fewer Companies from 3 February 2025

28 January 2025

The United Kingdom's City Code on Takeovers and Mergers (the "Code"), the rules and principles that regulate public takeovers in the United Kingdom, will, from 3 February 2025 (and subject to transition arrangements), cease to apply to non-UK-, Channel Islands- and Isle of Man-incorporated companies that have securities listed outside of the United Kingdom but have their place of central management and control in the United Kingdom, Channel Islands or Isle of Man.

PISCES and Other Excluded Trading Platforms. This narrower scope means that the Code will not apply to companies which are not (and have not recently been) UK-listed and whose securities are traded using a secondary market or crowdfunding platform or using private markets, including the Private Intermittent Securities and Capital Exchange System ("PISCES") platform, which is expected to become a new trading venue for shares by May 2025. You can read more about PISCES in [Debevoise in Depth: "Private IPOs": Is PISCES the Future of Private Share Listings?](#)

Transitional Arrangements. A company that was subject to the Code prior to the implementation of the revised framework on 3 February 2025 will be subject to a two-year transition period. The Takeover Panel has published a helpful [table](#) to guide companies tasked with determining whether they will be considered a transition company and/or a Code company during the transition period.

During the transition period, a company that will no longer fall within the jurisdiction of the Code can choose to put in place alternative arrangements. For example, a company may wish to amend its articles of association to include provisions equivalent to aspects of the Code and may wish to update its public filings. Shareholders may wish to evaluate the protections afforded to them in the absence of the Code's regulatory framework.

Analysis. Companies that do not, or no longer, fall within the scope of the Code could benefit from greater commercial flexibility to negotiate with shareholders. The narrower scope of the Code reduces the risk that market participants are unexpectedly subject to the Code without being aware of this. The removal of the residency test

means that a company can have a fixed position as to whether it is caught by the Code, as opposed to falling in and out of the jurisdiction of the Code depending on board composition and where directors are resident. This also means that a company that is listed on a global market, rather than in the United Kingdom, will no longer be caught by the Code, even if its place of central management and control is the United Kingdom, Channel Islands or Isle of Man. These changes provide welcome clarity and certainty as to when the Code applies.



Dominic Blaxill
Partner, London
+44 20 7786 5497
dblaxill@debevoise.com



Hilary Davidson
Professional Support Lawyer,
London
+44 20 7786 5476
hdaavidson@debevoise.com