

Press release, 12 December 2014

Swedish Corporate Governance Board strengthens position of target company boards in proposed revision of takeover rules

The Swedish Corporate Governance Board today announces proposed revisions to the takeover rules. One of the aims of the proposal is to create greater equality between offerors and target companies. The Board proposes that the new rules come into force on 1 February 2015.

The main points of the new rules are:

- A ban on offerors requiring target companies to fulfil offer-related obligations, e.g. exclusivity or information commitments or binding break-up fee clauses, but with the possibility of exceptions in certain cases, e.g. where obligations improve rather than restrict competition in an offer situation.
- A specific rule stating that offerors are bound by any unconditional statements made by the offeror in relation to the offer, e.g. whether the offer will be increased or extended.

“This revision aims primarily to strengthen the role of the board of target companies, with a view to improving conditions for competitive takeover bid processes,” says Björn Kristiansson, Executive Director of the Corporate Governance Board. “Similar steps were taken in the United Kingdom a few years ago, and it is time that we did the same.”

The Board has submitted its proposed rule changes to Nasdaq Stockholm and NGM. The revised rules are expected to come into force on 1 February 2015. When the revised takeover rules come into force, the Board will also issue equivalent revisions to the takeover rules for the Nasdaq First North, Nordic MTF and AktieTorget trading platforms. As previously, these rules will be to all intents and purposes the same as the takeover rules of the stock exchanges.

The proposed new rules have been produced by a working group that was set up by the Board in December 2013 at the request of Nasdaq Stockholm. Earlier this year, this working group also devised additions to the takeover rules, writing provisions for mergers and merger-like processes. The work was led by the Director of the Swedish Securities Council, Professor Rolf Skog, with the support of the attorney Erik Sjöman and Björn Kristiansson, Executive Director of the Corporate Governance Board. As with previous work to update the takeover rules, the working group worked closely with a broad reference group.

The proposed revised takeover rules can be found in their entirety on the Board’s website, www.bolagsstyrning.se, with all changes clearly marked. An English translation of the new regulations will be published on the website as soon as it has been completed.

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