

## Chapter 10

# Equity shares (commercial companies): contents of circulars

## 10.5 Circulars about purchase of own equity shares

### Purchase of own equity shares

10.5.1

R

- (1) A *circular* relating to a resolution proposing to give the *company* authority to purchase its own *equity securities* must also include:
  - (a) if the authority sought is a general one, a statement of the *directors'* intentions about using the authority;
  - (b) if known, the method by which the *company* intends to acquire its *equity shares* and the number to be acquired in that way;
  - (c) a statement of whether the *company* intends to cancel the *equity shares* or hold them in treasury;
  - (d) if the authority sought related to a proposal to purchase from specific parties, a statement of the names of the *persons* from whom *equity shares* are to be acquired, together with all material terms of the proposal;
  - (e) details about the price, or the maximum and minimum price, to be paid;
  - (f) the total number of *warrants* and *options* to subscribe for *equity shares* that are outstanding at the latest practicable date before the *circular* is published and both the proportion of issued share capital (excluding *treasury shares*) that:
    - (i) they represent at that time; and
    - (ii) they will represent if the full authority to buyback *shares* (existing and being sought) is used; and
  - (g) in relation to a purchase of *equity shares* in the circumstances described in ■ UKLR 9.6.2R(2), an explanation of the potential impact of the proposed *share* buyback, including whether control of the *listed company* may be concentrated following the proposed transaction.
- (2) If the exercise in full of the authority sought would result in the purchase of 25% or more of the *company's* issued *equity shares* (excluding *treasury shares*) the *circular* must also include the following information referred to in the *PR Regulation*:
  - (a) Annex 1 item 3.1 – Risk factors;
  - (b) Annex 1 Section 10 – Trend information;
  - (c) Annex 1 item 15.2 – Shareholdings and stock options;
  - (d) Annex 1 item 16.1 – Major interests in shares; and

(e) Annex 1 item 18.7.1 – Significant changes in the issuer’s financial position;

10.5.2

**G**

In considering whether an explanation given in a *circular* satisfies the requirement in ■ UKLR 10.5.1R(1)(g), the FCA would expect the following information to be included in the explanation:

- (1) the shareholdings of *substantial shareholders* in the *listed company* before and after the proposed transaction; and
- (2) the shareholdings of a holder of *equity shares* who may become a *substantial shareholder* in the *listed company* as a result of the proposed transaction.