BORROWING AND SECURITIES

PREVENTION OF FRAUD (INVESTMENTS)

1960 No. 1216

The Licensed Dealers (Conduct of Business) Rules, 1960

Made - - - -	19*th July*, 1960
Laid before Parliament	22*nd July*, 1960
Coming into Operation	9*th August*, 1960

Whereas the Board of Trade in pursuance of the requirements of subsection (3) of section 7 of the Prevention of Fraud (Investments) Act, 1958(a), have published in the manner which they considered best adapted for informing persons affected notice of their intention to make Rules under that section specifying the place where a draft of the Rules might be inspected and copies obtained:

And Whereas the Board of Trade in pursuance of the said requirements have considered objections and representations made to them in respect of the draft Rules and have modified the terms thereof:

Now, therefore, the Board of Trade in pursuance of the powers conferred upon them by section 7 of the above-mentioned Act hereby make the following Rules :—

Offers to Acquire or Dispose of Securities

1. A licensed dealer shall not in writing offer to acquire or dispose of securities, not being units in an authorised unit trust scheme, unless—

(*a*) the document containing the offer states—

(i) whether the licensed dealer is making the offer as principal or agent;

(ii) if he is making the offer as agent, the name of his principal and an address in Great Britain where that principal can be served with process;

(iii) where a dividend has been declared or recommended in respect of the securities or it is anticipated that a dividend will be declared or recommended before the transfer of the securities, whether the securities are to be transferred cum or ex that dividend;

(iv) the date on which the document is despatched to the offerees;

(v) except in the case of a take-over offer, whether or not the licensed dealer is prepared to effect settlement of all transactions through the bank of the person to whom the offer is made;

(*b*) that document contains prominently the following words:—"If you are in any doubt about this offer you should consult your stockbroker, bank manager, solicitor or other professional adviser";

(a) 6 & 7 Eliz. 2. c. 45.

(*c*) in the case of an offer to acquire securities other than a take-over offer, that document complies with the requirements specified in Part I of the First Schedule hereto ;

(*d*) in the case of a take-over offer—

(i) the terms of the offer and the document containing the offer comply with the requirements specified in Parts I and II of the First Schedule hereto ; and

(ii) the terms of the offer have been delivered to the offeree corporation not less than three clear days (excluding Saturdays, Sundays and public holidays) prior to the date on which the document containing the offer is despatched to the offerees ; and

(*e*) in the case of an offer to dispose of securities, the document containing the offer complies with the requirements specified in the Second Schedule hereto.

2. A licensed dealer shall not in writing offer to acquire or dispose of units in an authorised unit trust scheme unless the document containing the offer—

(*a*) states the matters specified in head (*a*) of Rule 1 ;

(*b*) contains prominently the words specified in head (*b*) of that Rule ; and

(*c*) contains the name and address of the manager and the name and address of the trustee or is accompanied by a booklet issued by the manager which contains those particulars.

3. Where a licensed dealer makes a take-over offer and—

(*a*) the consideration or part of the consideration offered consists of securities in a corporation (referred to in this Rule as " the holding corporation ") ; and

(*b*) the offer is made as part of a scheme or arrangement under which the offeree corporation and one or more other corporations have or will become subsidiaries of the holding corporation,

the document containing the offer, in addition to complying with the requirements specified in the foregoing Rules, shall, in relation to any such one or more other corporations, excluding any such corporation which is or will be deemed to be a subsidiary of the holding corporation by virtue of section 154 (1) (*b*) of the Companies Act, 1948(a), contain the particulars specified in paragraph 2 of the Second Schedule hereto.

4. Where a licensed dealer has made a take-over offer and any of the offerees have accepted that offer by the despatch of completed forms of transfer and the relevant share or other certificates to the offeror or any agent of the offeror, the licensed dealer shall procure that, if owing to the offer being accepted by an insufficient number of offerees or for any other reason the transaction is not to be completed, those forms and certificates are returned to the offerees within 14 days of the latest date on which the offer was open for acceptance.

5. A licensed dealer shall not distribute or cause to be distributed a recommendation by or on behalf of the board of directors of an offeree corporation that an offer in respect of the securities of that corporation be accepted unless the document containing that recommendation complies with the requirements specified in the Third Schedule hereto.

(a) 11 & 12 Geo. 6. c. 38.

6.—(1) A licensed dealer shall not during, or as a consequence of, a call upon any person deal in securities unless—

(*a*) he calls upon that person at his request; and

(*b*) before entering into a contract with that person he furnishes that person with a written statement containing all the information which he would have been required to give to that person if that contract had been made in pursuance of an offer made in writing.

(2) In this Rule the expression "call" includes a communication by telephone.

CONTRACT NOTES

7. A licensed dealer shall issue a contract note in respect of every transaction of sale or purchase of securities to the purchaser or vendor with or for whom he contracts, whether as principal or agent:

Provided that a licensed dealer shall not be required by virtue of this Rule to issue a contract note in respect of any transaction arising from a take-over offer, if he is not otherwise required to issue a contract note in respect of that transaction.

8. Every contract note shall include the following particulars—

(*a*) the name in which the licensed dealer is authorised to carry on business and the address at which he is carrying on business;

(*b*) (i) the name of the licensed dealer where he carries on business in a name other than his own, or

(ii) the names of all the partners where the licensed dealer is a firm consisting of two or more holders of principal's licences, or

(iii) the names of all directors where the licensed dealer is a corporation;

(*c*) the nationality, if not British, of the licensed dealer, and where the licensed dealer is a firm or a corporation the nationality, if not British, of all members of the firm or directors of the corporation as the case may be; and where the corporation is incorporated in any country other than Great Britain the name of the country in which it is incorporated;

(*d*) a statement that the licensed dealer is acting in the capacity of principal when he is so acting;

(*e*) the name of the person with whom the licensed dealer has entered into the contract;

(*f*) the date of the contract;

(*g*) the amount and description of the securities which are the subject of the contract;

(*h*) the price of the securities (per share or per right or interest or per unit of stock or per £100 of stock);

(*i*) the amount of the consideration money;

(*j*) if any commission is charged the rate and amount thereof;

(*k*) the amounts of all stamp duties and fees (if any); and

(*l*) the date of settlement.

9. All contract notes shall be signed by the licensed dealer and duly stamped.

BOOKS, ACCOUNTS AND DOCUMENTS TO BE KEPT BY A LICENSED DEALER

10. Every licensed dealer shall keep books of account showing :—

(*a*) as regards transactions effected by him as principal—

(i) particulars of all securities bought and sold ;

(ii) the dates on which they were bought and sold ;

(iii) the persons from whom they were bought or to whom they were sold ;

(iv) the buying or selling price ;

(v) the actual amount paid or received ; and

(*b*) as regards transactions effected by him as agent, the particulars specified in heads (*e*) to (*l*) in Rule 8.

11. Every licensed dealer shall keep a record of the following matters :—

(*a*) in respect of every transfer of securities received or issued—

(i) full details of the securities included therein ;

(ii) the dates of receipt and despatch ;

(iii) the names and addresses of the persons from whom received or to whom despatched ;

(iv) the names of the transferor and transferee ; and

(*b*) in respect of securities belonging to other persons which are in the possession of the dealer for any purpose—

(i) the name of the owner of the securities ;

(ii) the description and amount of the securities ;

(iii) the distinctive numbers of all certificates so held ;

(iv) the manner of disposal.

12. A licensed dealer shall retain for a period of not less than seven years all books of account and other records required to be kept in pursuance of Rules 10 and 11 as well as every contract note received by him and a copy of every contract note issued by him.

13. A licensed dealer shall supply on demand to any person on whose behalf he has carried out a transaction as an agent copies of all entries in his books relating to that transaction, and he shall be entitled to charge therefor a sum not exceeding sixpence for every hundred words or fractional part thereof to be copied. Such person shall also be entitled at any time free of charge either personally or by his agent to inspect the contract notes and vouchers relating to the said transaction.

GENERAL

14.—(1) A licensed dealer shall not hold himself out as prepared to enter into any margin, contango, single put, single call, put and call, backwardation or other option transaction in respect of securities unless he acts as an agent and the transaction is supported by a corresponding transaction with a member of a recognised stock exchange.

(2) A licensed dealer shall not effect on terms involving payment by instalments any transaction unless the payments by instalments are to be made at intervals of not more than one month and in amounts at any one time of not less than 10 per cent. of the total consideration and unless interest is limited to 10 per cent. per annum on the amount outstanding and unless the transaction is supported by a transaction or transactions with a member of a recognised stock exchange.

15. A licensed dealer shall not enter into any transaction by way of dealing in securities if, in respect of that transaction, he would be entitled to avoid payment by pleading the Gaming Act.

16. A licensed dealer shall not, in an advertisement, catalogue, circular, business letter or in any other manner whatsoever, hold himself out as carrying on the business of dealing in securities under the authority of the Board of Trade or any Government Department; and he shall in all such communications and in contracts describe himself by the term "licensed dealer in securities".

17.—(1) Nothing in Rules 1–6 shall apply—

(*a*) to any offer by a licensed dealer to dispose of securities of a corporation to holders of securities of that corporation;

(*b*) to any offer by a licensed dealer to acquire or dispose of securities,

(i) which is made to a person with whom the licensed dealer has done business in the purchase or sale of securities at least three times in the period of seven years immediately preceding the date of the offer; and

(ii) which is not a take-over offer or an offer to dispose of securities as the consideration or part of the consideration for securities which are the subject of a take-over offer.

(2) Nothing in Rules 1–9 or Rule 14 shall apply to any transaction or offer to enter into a transaction between a licensed dealer and a person whose business involves the acquisition and disposal or the holding of securities.

18.—(1) In these Rules—

"control" of a corporation means control direct or indirect, or by means of any right, over the exercise of a majority of the voting power at meetings of the corporation excluding the voting power of holders of classes of securities exercisable only on the happening of specified contingencies or upon specific business;

"licensed dealer" means the holder of a principal's licence; and where the context so requires includes a partnership consisting of two or more holders of principal's licences, and shall also include for the purposes of Rules 1-6 the holder of a representative's licence acting on behalf of a holder of a principal's licence whose servant or agent he is;

"offer" includes an invitation to make an offer;

"acceptance" includes an offer made as a result of such an invitation and "offer to acquire" and "offer to dispose of" include, respectively, "invitation to offer to dispose of" and "invitation to offer to acquire";

"an offer in writing" includes an offer made by telegraph or by advertisement;

"offeror" where an offer is made by a licensed dealer on behalf of another person includes the licensed dealer and that person;

"offeree corporation" means a corporation securities of which are the subject of an offer to acquire;

"securities" shall not include for the purposes of Rules 1-6—

(*a*) securities of any government or municipal corporation;

(*b*) securities of any corporation incorporated by Royal Charter or of any corporation incorporated by special Act of Parliament; or

(*c*) rights (whether actual or contingent) in respect of money lent to or deposited with any industrial and provident society or building society;

" subsidiary " in relation to a corporation means a subsidiary as defined in section 154 of the Companies Act, 1948;

" take-over offer " means an offer to acquire securities of a corporation made to more than one holder of those securities calculated to result in any person acquiring, or becoming entitled to acquire, control of that corporation, and for the purposes of this definition where two or more persons hold securities in a corporation jointly they shall be treated as a single holder.

(2) For the purposes of these Rules an offer to acquire or dispose of securities in consideration or part consideration for other securities shall be deemed to be both an offer to acquire and an offer to dispose of securities.

(3) For the purposes of the First and Second Schedules hereto securities shall be deemed to be currently dealt in on a recognised stock exchange at the date of an offer if there have been six or more recorded dealings in those securities on that stock exchange during the period of six months preceding that date.

19. The Rules dated July 26th, 1939, made by the Board of Trade under the Prevention of Fraud (Investments) Act, 1939(**a**), with respect to Conduct of Business of Licensed Dealers(**b**), are hereby revoked.

20.—(1) The Interpretation Act, 1889(**c**), shall apply to the interpretation of these Rules as it applies to the interpretation of an Act of Parliament and as if these Rules and the Rules hereby revoked were Acts of Parliament.

(2) These rules may be cited as the Licensed Dealers (Conduct of Business) Rules, 1960, and shall come into operation on the 9th day of August, 1960.

Dated this 19th day of July, 1960.

John Rodgers,
Parliamentary Secretary to the
Board of Trade.

FIRST SCHEDULE

PART I

Requirements to be satisfied in relation to any offer to acquire securities

The document containing the offer shall—

(1) in the case of securities which are quoted or currently dealt in on a recognised stock exchange—

(*a*) state this fact and specify the stock exchange on which they are quoted or currently dealt in;

(*b*) if there is a quotation in respect of those securities, specify—

(i) the latest available middle market quotation prior to the date of the offer;

(ii) at least six middle market quotations during the period of six months immediately preceding the date of the offer so as to give a fair view of fluctuations in the price of the securities during that period and the respective dates of those quotations;

(**a**) 2 & 3 Geo. 6. c. 16. (**b**) S.R. & O. 1939/787 (Rev. XVIII, p. 482: 1939 II, p. 2757).
(**c**) 52 & 53 Vict. c. 63.

(iii) where the offer has been the subject of a preliminary public announcement in newspapers or by any other means, the latest middle market quotation immediately prior to that public announcement; and

(*c*) if there is not a quotation in respect of those securities, specify at least six recorded dealing prices during the period of six months immediately preceding the date of the offer so as to give a fair view of fluctuations in the price of the securities during that period and the respective dates of those prices indicating, where the offer has been the subject of a preliminary public announcement in newspapers or by any other means, the latest recorded dealing price prior to that public announcement:

Provided that where the securities are quoted or currently dealt in on more than one recognised stock exchange—

(*a*) if one of those recognised stock exchanges is the Stock Exchange, London, the requirements in this paragraph need relate only to that stock exchange;

(*b*) in any other case those requirements need relate only to the recognised stock exchange on which there have been the greatest number of recorded dealings in those securities in the six months immediately preceding the date of the offer;

(2) in the case of securities not quoted or currently dealt in on a recognised stock exchange, contain—

(*a*) any information the offeror may have as to the number, amount and price at which the securities have been sold in Great Britain in the six months preceding the date of the offer, or if the offeror has no such information a statement to that effect; and

(*b*) particulars of any restriction on the right to transfer the securities which has the effect of requiring the offerees before transferring the securities to offer them for purchase to members of the corporation or to any other person, and, if there is any such restriction, the arrangements, if any, being made to enable the securities to be transferred in pursuance of the offer;

(3) in the case of securities of a corporation incorporated outside Great Britain which are quoted on a stock exchange in the country of incorporation (whether or not they are quoted or currently dealt in on a recognised stock exchange), state this fact and specify the stock exchange on which they are so quoted.

PART II

Additional requirements to be satisfied in relation to a take-over offer

1. The terms of the offer shall comply with the following requirements and those terms shall appear clearly in the document containing the offer:—

(1) The offer shall, except insofar as it may be totally withdrawn and every person released from any obligation incurred thereunder, remain open for acceptance by every offeree for at least 21 days from the date specified in the document as being the date on which it was despatched to the offerees.

(2) Where the offer is conditional, a date shall be specified as the latest date on which the offeror can declare the offer to have become unconditional.

(3) The acquisition of the securities to which the offer relates shall not be conditional upon the offerees approving or consenting to any payment or other benefit being made or given to any director of the offeree corporation as compensation for loss of office or as consideration for, or in connection with, his retirement from office.

(4) If the offer relates to less than the total amount in issue of any class of securities of the offeree corporation (other than those held by or on behalf of the offeror) the offer shall be open to acceptance by all the holders of that class of securities and if acceptances are received relating to a greater number of securities than that in respect of which the offer is made the number of securities to be acquired by the offeror from each of the offerees shall be reduced rateably, so far as practicable, according to the number of securities in respect of which the offer is accepted by each offeree.

2. The document containing the offer shall state—

(1) the number, if any, and description and amount of securities in the offeree corporation held by or on behalf of each of the offerors (including where any of the offerors is a corporation securities held by or on behalf of any subsidiary or holding company of that corporation), or if none are so held, that document shall include a statement to that effect;

(2) whether or not the offer is conditional upon acceptances in respect of a minimum number of securities being received and, if so, that fact and that minimum number;

(3) if the securities are to be acquired for cash, the period within which payment will be made and the method of payment;

(4) if the securities are to be acquired for a consideration other than cash, the period within which the offerees will receive that consideration;

(5) if the licensed dealer is making the offer on behalf of some other person, whether or not the licensed dealer has taken any steps to ascertain that that person will be in a position to implement the offer if it is fully accepted by all the offerees and, if so, what steps;

(6) whether or not it is proposed in connection with the offer that any payment or other benefit shall be made or given to any director of the offeree corporation as compensation for loss of office or as consideration for, or in connection with, his retirement from office and, if so, particulars of the proposed payment or benefit in respect of each such director;

(7) whether or not there is any other agreement or arrangement made between the offeror and any of the directors of the offeree corporation in connection with or conditional upon the outcome of the offer and, if so, particulars of any such agreement or arrangement;

(8) whether or not there has been within the knowledge of the offeror any material change in the financial position of the offeree corporation since the date of the last balance sheet laid before the corporation in general meeting and, if so, particulars of any such change;

(9) whether or not there is any agreement or arrangement whereby any securities acquired by the offeror in pursuance of the offer will or may be transferred to any other person and, if so,—

(*a*) the names of the persons who are a party to the agreement or arrangement,

(*b*) the number, if any, and description and amount of securities in the offeree corporation held by or on behalf of each of those persons, or if none are so held, that document shall include a statement to that effect.

SECOND SCHEDULE

Requirements to be satisfied in relation to offers to dispose of securities

1. The document containing the offer shall—

(1) in the case of securities which are quoted or currently dealt in on a recognised stock exchange or which are to be issued and will be uniform in all respects with securities so quoted or currently dealt in—

(*a*) state this fact and specify the stock exchange on which those securities or the securities with which they will be uniform, as the case may be, are quoted or currently dealt in;

(*b*) where the securities are offered in consideration for or as part of the consideration for securities which are the subject of a take-over offer either be accompanied by a document which conforms to the requirements of the Companies Act, 1948, with respect to the contents of prospectuses or contain the particulars specified in paragraph 2 (1) (*e*) of this Schedule or be accompanied by a statement in writing containing those particulars;

(*c*) if there is a quotation in respect of those securities, or the securities with which they will be uniform, as the case may be, specify—

(i) the latest available middle market quotation prior to the date of the offer;

(ii) at least six middle market quotations during the period of six months immediately preceding the date of the offer so as to give a fair view of fluctuations in the price of the securities during that period and the respective dates of those quotations;

(iii) where the offer has been the subject of a preliminary public announcement in newspapers or by any other means, the latest middle market quotation immediately prior to that public announcement; and

(*d*) if there is no such quotation, specify at least six recorded dealing prices during the period of six months immediately preceding the date of the offer so as to give a fair view of fluctuations in the price of the securities during that period, and the respective dates of those prices indicating, where the offer has been the subject of a preliminary public announcement in newspapers or by any other means, the latest recorded dealing price immediately prior to that public announcement:

Provided that where the securities or the securities with which they will be uniform, as the case may be, are quoted or currently dealt in on more than one recognised stock exchange—

(*a*) if one of those recognised stock exchanges is the Stock Exchange, London, the requirements in this subparagraph need relate only to that stock exchange;

(*b*) in any other case those requirements need relate only to the recognised stock exchange on which there have been the greatest number of recorded dealings in the relevant securities in the six months immediately preceding the date of the offer;

(2) in the case of securities which are not quoted or currently dealt in on a recognised stock exchange or uniform in all respects with securities so quoted or currently dealt in—

(*a*) either be accompanied by a document which conforms to the requirements of the Companies Act, 1948, with respect to the contents of prospectuses, or contain the particulars specified in paragraph 2 of this Schedule in relation to the corporation whose securities are the subject of the offer or be accompanied by a statement in writing containing those particulars; and

(*b*) give particulars of any restriction on the transfer of the securities which has the effect of requiring a holder of the securities to offer them for purchase to members of the corporation or any other person before transferring them in pursuance of the offer.

(3) in the case of securities of a corporation incorporated outside Great Britain which are quoted on a stock exchange in the country of incorporation (whether or not they are quoted or currently dealt in on a recognised stock exchange) or are to be issued and will be uniform in all respects with securities so quoted, state that fact and specify the stock exchange on which they or the securities with which they will be uniform are so quoted.

2.—(1) The particulars referred to in paragraph 1 (2) (*a*) of this Schedule are as follows:—

(*a*) the year in which, and the country in which, the corporation was incorporated, the address of its registered or principal office in Great Britain and, in the case of a corporation incorporated outside Great Britain, the address of its registered or principal office in the country in which it is incorporated;

(*b*) the authorised capital of the corporation and the amount thereof issued and outstanding at the date specified as the close of the three financial years of the corporation immediately preceding the date of the offer, the classes of shares into which it is divided and the rights of each class of shareholder in respect of capital, dividend and voting, and the number and amount respectively of shares issued for cash and shares issued as fully or partly paid up otherwise than in cash;

(*c*) the number and amount of shares issued since the close of the last financial year, the classes of shares into which they are divided and the rights of each class of share in respect of capital, dividend and voting, and the number and amount respectively of shares issued as fully or partly paid up for cash and/or issued as fully or partly paid up otherwise than in cash and/or the number and amounts repaid;

(*d*) particulars of any reorganisation of capital during each of the two financial years immediately preceding the date of the offer;

(*e*) the amount of the net profit or loss of the corporation (before taking into account income tax, profits tax or any other tax calculated by reference to the amount of the profits of the corporation) and the rate per cent. of dividends paid by it and the amount distributed by way of dividends on each class of shares during each of the three financial years immediately preceding the offer; including where no dividend has been paid in respect of shares of any particular class during any of the said years a statement to that effect;

(*f*) the total amount of any debentures issued by the corporation and outstanding not more than 28 days prior to the date of the offer together with the rate of interest payable thereon and the total amount of any mortgage debts, loans or charges due by the corporation not more than 28 days prior to that date with similar particulars as to the interest thereon;

(*g*) the names and addresses of the directors of the corporation; and

(*h*) whether or not the securities offered are, or, in the case of securities to be issued, will be, fully paid up, and, if not, to what extent they are or will be paid up, and if the corporation has fixed a date and amount for payment of outstanding calls the date and the amount of each such call.

(2) If any of the particulars required by the preceding subparagraph are not available by reason of the corporation not having carried on business for a sufficient length of time, or for any other reason, a statement to that effect shall be included in respect of those particulars, and in the case of a corporation incorporated in Great Britain where those particulars are not available in the returns of the corporation filed with the Registrar of Companies, a statement shall be added to that effect.

3. If the offered securities are to be issued, the document containing the offer shall—

(1) state—

(*a*) whether or not their issue requires the authority of a resolution of the issuing corporation;

(*b*) the first dividend in which they will participate;

(*c*) whether or not there has been within the knowledge of the offeror any material change in the financial position of the issuing corporation since the date of the latest available accounts and, if so, give particulars of any such change;

(2) be accompanied by copies of the Memorandum and Articles of Association or other document constituting or defining the constitution of the issuing corporation and of the latest available accounts of that corporation unless it specifies—

(*a*) a convenient place at which copies of those documents may be inspected by the offerees; and

(*b*) the times during the period for which the offer is open during which they may be so inspected;

(3) in the case of securities which will be uniform in all respects with securities of the issuing corporation previously issued which are not quoted or currently dealt in on a recognised stock exchange, give any information the offeror may have as to the number, amount and price at which those securities have been sold in the six months preceding the date of the offer or, if the offeror has no such information, include a statement to that effect;

(4) in the case of securities which will not be uniform in all respects with securities of the issuing corporation previously issued, state—

(*a*) the respects in which they will differ from such previously issued securities,

(*b*) whether or not any voting rights will attach thereto and, if so, the limitations, if any, on those rights, and

(*c*) whether or not application for permission to deal therein has been or will be made to any recognised stock exchange and, if so, to which stock exchange.

THIRD SCHEDULE

Requirements to be satisfied in relation to a recommendation by a board of directors of an offeree corporation recommending acceptance of an offer

There shall be stated—

(1) the number, description and amount of securities of the offeree corporation held by, or on behalf of, each director of that corporation or, in the case of a director where none are so held, that fact;

(2) whether or not each such director has accepted or intends to accept the offer in respect of the securities to which the offer relates held by him or on his behalf;

(3) where the offer is being or has been made by a corporation, whether or not any securities of that corporation are held by, or on behalf of, any such director and, if so, the number, description and amount of the securities so held;

(4) whether or not it is proposed in connection with the offer that any payment or other benefit shall be made or given to any such director as compensation for loss of office or as consideration for, or in connection with, his retirement from office and, if so, particulars of the proposed payment or benefit;

(5) whether or not there is any other agreement or arrangement made between any such director and any other person in connection with or conditional upon the outcome of the offer and, if so, particulars of any such agreement or arrangement;

(6) whether or not any such director has any interest in any contract entered into by the offeror and, if so, particulars of the nature and extent of such interest;

(7) if the securities to which the offer relates are not quoted on a recognised stock exchange, any information the board of directors of the offeree corporation may have as to the number, amount and price at which any such securities have been sold in the six months preceding the date of the offer; and

(8) whether or not there has been any material change in the financial position or prospects of the offeree corporation since the date of the last balance sheet laid before the corporation in general meeting and, if so, particulars of such change.

EXPLANATORY NOTE

(This Note is not part of the Rules, but is intended to indicate their general purport.)

The Rules regulate the conduct of business by persons licensed to deal in securities under the Prevention of Fraud (Investments) Act, 1958, and supersede the Rules dated 26th July, 1939, made under the Prevention of Fraud (Investments) Act, 1939, with respect to Conduct of Licensed Dealers.

The principal changes are as follows :—

(1) The Rules now apply to offers by licensed dealers to acquire securities as well as to dispose of them; hitherto they have only applied to offers to dispose of securities for purchase.

(2) The requirements specified in relation to offers are more stringent.

(3) Additional requirements are specified in relation to take-over offers.

(4) Licensed dealers may not transmit a recommendation by the board of directors of a corporation that an offer to acquire the corporation's securities be accepted unless specified requirements are complied with.