



1 December 2020

## Revised Takeover Code – Proposal

**The Swedish Corporate Governance Board announces proposed revisions to the Takeover Code. The Board proposes that the new Code come into force on 1 January 2021.**

The proposed rule changes are partly an adaptation to the updated prospectus regulations, primarily in the Appendix to the regulations, and partly an incorporation of the Swedish Securities Council's generally accepted practice regarding various matters concerning takeovers. The changes include the following:

- *An offeror may not make its offer conditional on the offeree company's future financing.*
- *Conditions for reducing an acceptance period* – the opinion of the offeree company's board must first be sought; if an ongoing acceptance period is to be shortened, the offeror must have specifically reserved the right to do so.
- *Clearer rules on prior transactions* – if a prior transaction is conducted in exchange for consideration in unlisted shares, a share consideration alternative must be offered in the event that the prior transaction is to be structured in another manner. Additionally, there is clarification that arrangements that give the offeror financial exposure equivalent to a shareholding in the offeree company are also covered by the prior transaction rules, and that such arrangements may in certain cases be contrary to good practice in the stock market if they can be considered a circumvention of the mandatory bid rules. An example of the latter may be a shareholder's increased exposure via capital redemption insurance, which means that the underlying shares are passivized. This has the consequence that the shareholder's own holdings exceed the mandatory bid limit if the passivized shares are disregarded.
- *Remuneration to board members of offeree companies* – the rules clarify that it is a matter for the shareholders to decide whether extra remuneration is to be paid for the work a takeover bid involves.

The Board has submitted its proposal for revised rules to Nasdaq Stockholm and Nordic Growth Market NGM. It is proposed that the revised rules come into force on 1 January 2021. The Board will also issue a revised version of the takeover rules for the Nasdaq First North Growth Market, Nordic SME and Spotlight Stock Market trading platforms with effect from the same date. As with previous iterations, these rules will essentially be equivalent to the takeover rules of the stock exchanges.

The proposed new rules were prepared by a working group comprising Professor Rolf Skog, Director general of the Swedish Securities Council, Erik Sjöman, a corporate governance lawyer, and Björn Kristiansson, Executive Director of the Corporate Governance Board. The work was carried out in close consultation with a broad reference group.

The full text of the proposed revised Takeover Code is available on the Board's website, [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

For further information, please contact:

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*The Swedish Corporate Governance Board is one of four bodies that constitute the Association for Generally Accepted Principles in the Securities Market, which oversees self-regulation within the securities market. For more information, see [www.godsedpavpmarknaden.se](http://www.godsedpavpmarknaden.se).*

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