

M&A IN THE UK

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Legal Briefings

WHY THE UK IS A POPULAR DESTINATION FOR INVERTING US COMPANIES - AND WHAT US COMPANIES NEED TO KNOW.

The UK remains the leading destination for in-bound European M&A and has seen significant levels of M&A activity over the last two years, being a regime open to foreign investment and attractive as a destination for multinational companies for a combination of tax and other reasons.

This last factor has been decisive in making the UK a key destination for US companies seeking to invert, regardless of the jurisdiction of incorporation of the target. An analysis of inversion transactions completed in 2015 or currently pending reveals the UK to be the destination of choice in more inversion transactions than any other nation, and approximately half of all inversion transactions, including some transactions in which neither party was originally UK incorporated or tax resident. Prominent recent examples of proposed inversions that would result in a UK tax resident topco include the Steris/Synergy Health merger and Monsanto's approach to Syngenta.

This article explores the benefits of inverting into a UK company and/or incorporating a UK Topco as the parent for the merged group, and notes some UK-specific considerations that are relevant to the structuring of any inversion transaction.

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This article was authored by Mark Bardell, Partner, London and Mike Flockhart, Partner, London in American Lawyer Global M&A Guide 2016.

UK M&A REPORT 2015

What legislation and regulatory bodies govern public M&A activity in your jurisdiction?

The City Code on Takeovers and Mergers (the Code) governs the conduct of public M&A in the UK. It applies where there is an acquisition or consolidation of control of:

a public company incorporated in the UK, Channel Islands or Isle of Man which has any securities admitted to a regulated market in the UK, to a multilateral trading facility in the UK or to any stock exchange in the Channel Islands or Isle of Man; or
any other public company which is incorporated in the UK, Channel Islands or Isle of Man and which also has its place of central management and control in the UK.

It is the status of the company that is proposed to be acquired (the target) that determines whether or not the Code applies, rather than that of the proposed acquiring company (the bidder).

The Code is administered by the Takeover Panel (the Panel).

How, by whom, and by what measures, are takeover regulations (or equivalent) enforced?

The Panel has statutory powers to regulate and supervise takeover bids. It can impose sanctions including private censure; public criticism; compensation orders; restraining directions; reporting a party to another regulator; or a so-called cold shoulder ruling. The Panel can apply to the courts to enforce any of its rulings.

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This article was authored by Ben Ward, Partner and Robert Moore, Partner, London in the IFLR M&A Guide 2015.

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If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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