

Media Release

1 July 2021

For immediate release

20 years of the Takeovers Code

The Takeovers Panel is pleased to mark 20 years since the Takeovers Code came into effect on 1 July 2001.

Established under the Takeovers Act 1993, the Panel was first tasked with drafting and recommending the Code. Among other objectives, the Code was aimed at encouraging competition for the control of companies,¹ ensuring shareholders are treated fairly in a takeover, and promoting international competitiveness of New Zealand's capital markets.

Takeovers Panel Chair, Andy Coupe, said "A key part of building a resilient, adaptable and productive economy is to ensure that investors, large and small, who invest in the capital markets in New Zealand are confident that the markets are well-regulated, and that they will have the right information in order to make their investment decisions. The Code contributes to this goal."

Until the Code came into force, New Zealand's capital markets had been described as the 'wild west'. There were takeovers that allowed controlling shareholders, and often their associates, to sell their shares at a premium to the price received by other shareholders.

Mr Coupe said "The Code put a stop to these unfair outcomes. Rules requiring takeover offers to be made to all shareholders, at the same price and on the same terms levelled the playing field and have proven to be crucial to protecting investors' interests and the sharemarket's integrity."

When the Code came into force in 2001, New Zealand's takeovers rules were brought into line with countries sharing a similar common law structure, including Australia, Hong Kong, Singapore and the United Kingdom.

The Code has evolved along with the development of capital markets over the last 20 years, but the core rules of the Code have stood the test of time. These rules ensure that investors in publicly listed and other widely held companies are provided with the appropriate information and adequate time to allow them to make informed decisions about a change in the control of those companies.

The Panel notes the change of market behaviour since the Code came into effect. Panel Chief Executive, Andrew Hudson, commented "When the Code first came into force, formal enforcement proceedings were common as market participants either didn't understand the rules or were actively trying to find ways to carry out transactions outside the Code. In fact, the first formal enforcement hearing was called on the same day that the Code came into effect. Over time, and with the Panel providing ongoing market guidance, the level of knowledge of the Code has increased and a broad culture of compliance has taken hold. This culture contributes to the integrity of New Zealand's capital markets."

¹ The Code applies to publicly listed companies, as well as unlisted companies that have at least 50 or more shareholders and 50 or more share parcels and are at least "medium-sized" as defined in the Code.

The Panel acknowledges and thanks all those who have contributed their time and professional expertise to serve as Panel members. These include the Panel's first Chair, John King, and David Jones, the Panel's second Chair, and the other foundational Panel members who were responsible for drafting the original Code.

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Notes to editors

The Takeovers Panel is an independent Crown entity established under the Takeovers Act 1993. The Panel's mandate is to strengthen investor confidence in New Zealand's capital markets by enforcing the Takeovers Code. The Code ensures that all shareholders have a fair opportunity to participate in control-change transactions (such as mergers, acquisitions, takeovers and allotments) in Code companies.

For further information on the Panel, please visit www.takeovers.govt.nz

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