





# Practical Company Law and Corporate Transactions

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*Practical Company Law and Corporate Transactions* has been written after a period of enormous change in the corporate world. This change has been driven in part by the corporate scandals affecting most of the major western economies and by ongoing regulatory developments in the UK and Europe.

As a result of these developments, company directors, company secretaries, compliance officers and their advisers operate in an increasingly complicated and changing legal environment, where penalties for non-compliance are substantial.

*Practical Company Law and Corporate Transactions* aims to provide readers with a user-friendly, single-volume company law resource. Written by leading City practitioners in clear and accessible language, each chapter includes not only an analysis of the law and its application, but also a wealth of worked examples and case studies to create a genuinely practical work.

This edition of *Practical Company Law and Corporate Transactions* also includes chapters covering the most common corporate transactions such as private company and business sales and acquisitions, and demergers.

## The book incorporates

- **Flow Charts**, that appear throughout a number of chapters and provide an overview of the relevant law. They enable the reader to quickly grasp the relevant legal concept.
- Theoretical examples highlighting particular **“Problem Areas”** appear in most chapters. These “Problem Areas” are inset into the text and apply the law to a practical set of facts.

## Who should read this book?

- In-house Counsel
- Corporate/Company Lawyers
- Company Secretaries
- Compliance Officers
- Finance Directors
- Accountants

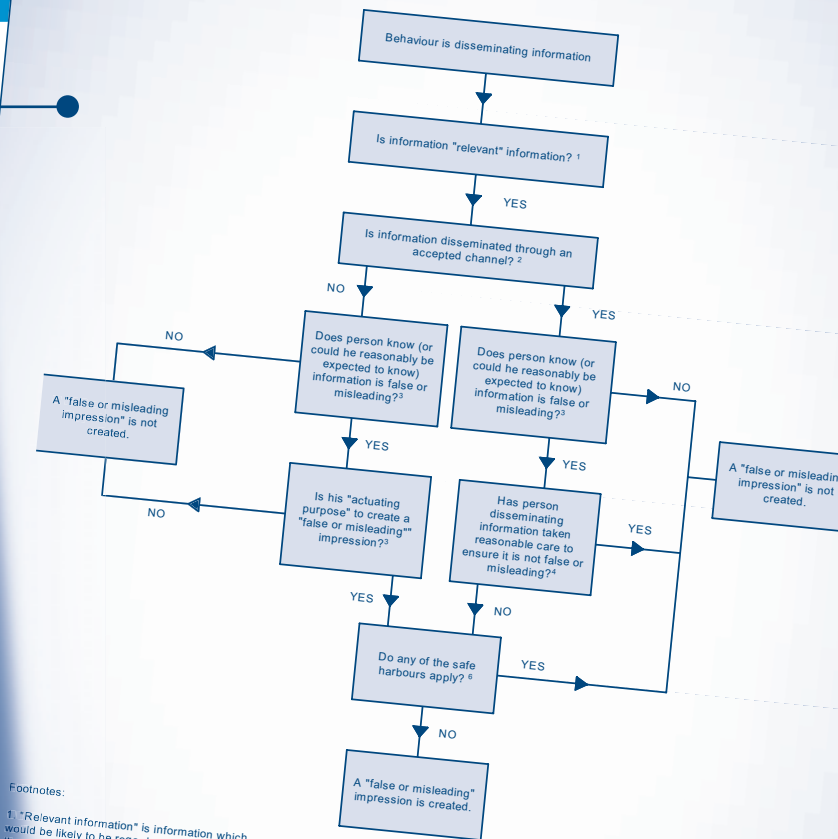
These are fully indexed with the main work to help the reader understand that law and its application.

### Problem Area 12.6 - Insider Dealing

Alexander, the Chairman of ABC Trading Co (“ABC”) a London-listed company making an offer of warrants with prospective investors. Also in attendance is John, a director of Global Bank, the underwriters of the offer. Both Alexander and John have negative inside information about ABC which, if it were made public, would be likely to have an adverse effect on the value of ABC’s shares. Alexander is an insider because he has the information by virtue of his employment, as does John, following Global Bank’s due diligence exercise on ABC. The inside information in question, although specific, are too speculative to be included in the pathfinder prospectus since they are not capable of verification to the necessary standard. Are John and Alexander guilty of encouraging dealing, contrary to s52(2)(a) of the Criminal Justice Act 1993 when they make the presentation to investors?

By stimulating investor demand rather than just presenting objective facts, John and Alexander may be guilty of encouraging dealing. If they disclose any of the inside information, they may be guilty of disclosing inside information unless they were sanctioned to do it by ABC and Global Bank and are therefore acting in the proper performance of the functions of their employment. As a defence to the charge of encouraging dealing they may contend they would have said what they said at the roadshow regardless of the inside information.

Table [11.9] - Decision tree for a finding of false or misleading impression under the dissemination of information limbs



Footnotes:  
 1. "Relevant information" is information which would be likely to be regarded by a regular user of the market in question as relevant when deciding whether to execute a transaction.  
 2. MAR 1.5.18 - MAR 1.5.20  
 3. MAR 1.5.15  
 4. MAR 1.5.18(2)  
 5. MAR 1.5.18 (1)  
 6. MAR 1.5.23 - 1.5.29; MAR 1.7. See also Table 10 for a summary of the applicable safe harbours.

in accordance with the Financial Services Authority's convention to "MAR" are to specific paragraphs of the Code of Market Conduct