



Direct: 020 7808 1321
Email: Jonathan.Hoffman@napf.co.uk

The Secretary to the Code Committee
The Takeover Panel
10 Paternoster Square
London EC4M 7DY

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Dear Mr Pullinger

REVIEW OF THE PANEL'S DERIVATIVES AND OPTIONS REGIME

This response is from the National Association of Pension Funds (NAPF). NAPF Member schemes hold assets of some £800bn, and account for around one fifth of investment in the UK stock market. More than 10 million people are currently in NAPF member schemes.

The NAPF welcomes the opportunity to comment on the Panel's Derivatives and Options Regime. Disclosure of dealings in derivatives and options (including contracts for differences) is important for shareholders in order to provide complete information about the distribution of the existing economic ownership of a company at a time when that ownership may be about to change. In recent years, there has been a significant increase in the volume of trading in derivatives and options, both by parties to an offer (and persons acting in concert with them) and by other market participants.

From 7 November 2005, changes to the Takeover Code required increased disclosure of dealings in futures and options.

In our view these changes have worked extremely well in furnishing shareholders with better information to support their ownership and corporate governance decisions. There may even be a case for extending the disclosure requirements to short only positions.

Yours faithfully

Jonathan Hoffman
Policy Adviser – Investments