

# THE TAKEOVER PANEL

## **QUALITY OF TAKE-OVER CIRCULARS - IN PARTICULAR THE USE OF GRAPHS AND DIAGRAMS**

The Panel is concerned that there has been a number of recent take-over circulars which have failed to measure up to adequate standards. These have included inaccurate or misleading statements or comparisons and in particular unsatisfactory graphs and diagrams.

While graphs or diagrams can help shareholders to understand the accompanying text, they can sometimes be used to support a case in a distorted and misleading way. There is therefore a duty on those who publish graphs or diagrams to take particular care to ensure fair presentation.

Some matters are simply unsuitable for graphic illustration. Apart from that, there have been examples of graphs with different scales on different levels, distortions obtained through selective use of data and bar charts where the information for one company is presented in three dimensions with that for the other company in two and with the perspective drawn so that some figures appear higher than they actually are.

Pre-vetting by the Panel cannot always prevent the publication of inaccurate or misleading material, since often it is only the other side which has the background information to know whether a particular item is misleading.

In future, the Panel will normally require a correcting circular to be published within 48 hours of any misleading statement being brought to its attention, whether or not there was any intention to mislead. The correcting circular, which must be confined simply to the correction, must make it clear that it is being issued at the request of the Panel because of the misleading nature of the material previously published.

The Panel may also decide to censure publicly those responsible for the original circular.

18 December 1984