

# THE TAKEOVER PANEL

**FRANKE HOLDINGS AG ("FRANKE") /**

**CARRON PHOENIX PLC ("CARRON PHOENIX")**

## **BREACH OF RULE 6.2 (b): ANNOUNCEMENT REQUIREMENTS**

The Panel Executive has examined the events surrounding the announcement on Monday 22 January of Franke's increased offer for Carron Phoenix. The increase was triggered by purchases by Franke of Carron Phoenix shares at 90p compared with its then offer price of 73p.

The initial purchases took place at approximately 8.00 am on 22 January. There was a subsequent purchase at 9.50 am. No announcement of the increased offer was lodged on Franke's behalf by Brown, Shipley & Co Limited ("Brown Shipley") with The Stock Exchange until approximately 10.40 am. The delay was in breach of Rule 6.2 (b) of the Code (see below), which requires an immediate announcement to be made. Brown Shipley are deserving of criticism for not arranging matters so that an immediate announcement could be made.

In the present case it seems unlikely that those dealing in the market were materially disadvantaged by the delay. Franke paid 90p for all the 25,500 shares it acquired, and there were no other sellers during the period in question, although there was a purchase of 5,000 shares at 95p shortly after the announcement of the increased offer and it may have been that those who sold to Franke at 90p at 9.50 am, after the initial purchases, would not have done so had an immediate announcement been made in accordance with the Code. However, the Panel Executive does not have any evidence of disadvantage having been suffered and accordingly does not propose to take any further action.

The Panel Executive stresses that it is essential that an announcement is made as soon as an offeror's agent begins to purchase shares at a price higher than its then prevailing offer, if a false market in the shares of the offeree company is to be avoided.

## **Notes to Editors**

### **Rule 6.2 Purchases at above the offer price**

- (a) If, after the commencement of the offer period and before the offer closes for acceptance, an offeror or any person acting in concert with it purchases shares at above the offer price (being the then current value of the offer), it shall increase its offer to not less than the highest price paid for the shares so acquired.
  
- (b) Immediately after the purchase, it must be announced that a revised offer will be made in accordance with this Rule (see also Rule 32). Whenever practicable, the announcement should also state the number of shares purchased and the price paid.

25 January, 1990