

THE TAKEOVER PANEL

DUNFORD & ELLIOTT LIMITED

("D. & E.")

On 7th December, 1976 an offer by Johnson & Firth Brown Limited ("JFB") to acquire the whole of the share capital of D. & E. was posted to shareholders. The terms of the share exchange offer valued D. & E. ordinary shares at approximately 33 p. per share. On 15th December, D. & E. shareholders approved the issue by way of rights of a new class of convertible preference shares and on 10th January, 1977 JFB revised the terms of its offer which was extended until 31st January. The revised offer valued D. & E. ordinary shares at 45 p. per share and D. & E. convertible preference shares at approximately 129 p. per share.

The price of D. & E. ordinary shares moved up strongly on 25th January, opening at 52 p. and closing at 64 p. per share. An announcement that talks were taking place which might lead to another offer being made for D. & E. was released just before 11 a.m. on 26th January, and shortly afterwards the listing of D. & E's shares was suspended. Later on in the day Lonrho Limited announced a competitive offer for D. & E. of 75 p. per ordinary share and 213 p. per convertible preference share. This offer was posted to shareholders on 23rd February and was declared unconditional on 16th March.

At the request of the Panel, The Stock Exchange launched an investigation into dealings in the shares of D. & E. on 25th January and 26th January. This investigation revealed purchases by three Swiss banks of a total of 105,000 D. & E. ordinary shares.

In correspondence which has taken place over many months the Panel executive has been told by each of the banks concerned that the Swiss banking laws prevent them from disclosing to third-parties the identity of their clients without the client's permission. At the request of the Panel the banks sought the permission of their clients for their identities to be disclosed to the Panel but in each case the clients had refused to grant their permission. The banks have thus had no alternative but to decline to name their clients. They have, however, all

confirmed that the clients for whom these shares were purchased are not residents of the United Kingdom.

This case provides a particularly stark example of one of the problems encountered in the course of share dealing investigations.

26th May 1978.