

# THE TAKEOVER PANEL

## **ELECTRONIC DATA SYSTEMS CORPORATION ("EDS")**

### **SD-SCICON PLC ("SD-SCICON")**

Note 3 on Rule 20.1 of the Code includes the requirement that any meeting held during an offer between a director of the offeree company and a shareholder should be attended by an appropriate representative of the financial adviser or corporate broker to the company.

The Panel Executive discovered on 14 August (three days before the last closing date of the EDS offer for SD-Scicon) that a meeting had been held the previous day between the Chairman of SD-Scicon and Morgan Grenfell Asset Management Limited ("MGAM"), at which no such representative was present. At that time EDS owned approximately 36% and funds under the management of MGAM just under 15% of SD-Scicon. The meeting, which was held at short notice, was at MGAM's request and followed a presentation by SD-Scicon to MGAM four days earlier at which advisers had been present.

Samuel Montagu & Co Limited ("Samuel Montagu"), the adviser to SD-Scicon, was informed of the proposed meeting and accepts that it should have either prevented the meeting taking place or arranged for an appropriate representative to attend. The Panel Executive is satisfied that the failure to comply with Note 3 on Rule 20.1 was unintended and that no material new information or significant new opinions were conveyed at the meeting. Nonetheless this was a serious breach of the Code for which Samuel Montagu is criticised.

21 August 1991