

THE TAKEOVER PANEL

Tootal Limited ("Tootal")/

Trutex Limited ("Trutex")

On 20th November, 1974 The Stock Exchange announced that it was carrying out an investigation into dealings in the ordinary shares of Trutex prior to the announcement in the morning newspapers of 31st October, 1974 of the offer by Tootal for the whole of the issued share capital of Trutex. Both The Stock Exchange and the Panel have now completed their enquiries.

From the Panel's enquiries it appears that Tootal maintained the appropriate security throughout the negotiations. The Panel is unable to reach the same conclusion with regard to Trutex. A number of purchases were carried out by people living in the vicinity of the Trutex headquarters in Lancashire and it appears that, unbeknown to the Directors of Trutex or their advisers, there had been strong rumours circulating amongst people directly or indirectly connected with the company that a bid was imminent.

There is not sufficient evidence to suggest that anyone was guilty of a breach of the insider dealing provisions of Rule 30 of the Code, but there are grounds for concluding that Trutex did not adequately observe the strict requirement of Rule 7 of the Code which stresses the need for absolute secrecy during bid negotiations.

In conclusion the Panel emphasises the need on the part of all people involved in bid discussions to be vigilant over security. If they become aware that rumours of a bid have started to circulate it is desirable that an announcement clarifying the position should be made forthwith.

2nd October, 1975 .