

# THE TAKEOVER PANEL

## **DRG public limited company**

On 2 November 1989 DRG public limited company ("DRG"), advised by Lazard Brothers & Co., Limited ("Lazards"), issued a circular to its shareholders containing excerpts from two newspapers. Note 2(b) on Rules 19.1 to 19.4 of the Code provides that press comments should not be quoted unless the board is prepared, where appropriate, to corroborate or substantiate them and the directors' responsibility statement is included.

In this case the press comments included three specific statements which the board of DRG did not corroborate or substantiate. Moreover, the responsibility statement which was included in the circular was inadequate in that it incorrectly purported to limit the responsibility of the directors for the material contained in the circular.

The Panel Executive regards this as a clear breach of the Code, for which the prime responsibility must lie with Lazards. There is no ambiguity about the fact that the Code has been breached; in addition Lazards did not check the wording of the circular with the Panel Executive before its issue. Lazards have now accepted that the circular does not comply with the requirements of the Code.

In view of the considerable importance which the Code attaches to the role of a financial adviser during the course of an offer, such a lapse in the case of Lazards is regrettable and Lazards are to be criticised accordingly.

3 November 1989

## NOTE TO EDITORS

Note 2(b) on Rules 19.1 to 19.4

"Since the quotation in circulars or press advertisements of press comments relating to an offer will necessarily carry the implication that the comments are endorsed by the board, such press comments should not be quoted unless the board is prepared, where appropriate, to corroborate or substantiate them and the directors' responsibility statement is included."