

The Stock Exchange Statement: 24 August 1990

Asil Nadir, the company and their advisers were all called into the Stock Exchange to be interviewed about the sequence of events.

The Stock Exchange said they would put out a statement of their findings on the Friday [24 August] and would send a draft to Asil Nadir and the company in advance. This was the last working day before the August bank holiday weekend. At about 2.30pm - 2.45pm a nine page document started coming through on the fax machine.

The Stock Exchange statement contained a number of material inaccuracies. It claimed that Asil Nadir had said on Sunday August 12th that all his finances for the buyback were in place, while the company had found out on Monday that this was not true.

Both parts of this statement are incorrect. The company denies ever having made such a claim; so for his part does Asil Nadir. But when Asil Nadir's lawyers attempted to telephone the Stock Exchange for clarification or amendment of the statement, they found there was no-one of sufficient authority in the building.

Furthermore, the Stock Exchange's statement that they understood no approach had been made by shareholders who undertook not to sell is incorrect. In fact, such approaches were made and full supporting documentation exists. Again, the Stock Exchange statement claims that the Exchange asked Asil Nadir for the names of the shareholders whom he had approached and that he refused to give the names. This was untrue. He merely asked for permission to contact the individuals concerned first.

Furthermore, the Stock Exchange's statement that they understood All the discussions at the stock Exchange with the company and its lawyers were supposedly off the record. All were used in the statement.

The final sentence of the Stock Exchange statement read "All the relevant documents have been sent to the relevant authorities". When asked, the Stock Exchange confirmed that this referred to the Department of Trade and the SFO. This is, in fact, the custom with all such statements, but the Stock Exchange did not put "as is normal practice" at the end of the last sentence. This imparted a most sinister tone to an otherwise innocuous remark. Indeed, the Stock Exchange rang the press and drew attention to the last sentence. It is hardly surprising then that there was a very critical article in the Lex column of the Financial Times on August 25th, drawing attention to the possibility of a breach of Rule 47 of the Takeover Code.

AN subsequently asked whether the Stock Exchange had sent all the relevant documents to the DTI and SFO, namely his and the company's evidence as well as their findings. The SFO said that they had not received any documents concerning Asil Nadir or PPI from the Stock Exchange. The DTI admits to having received hundreds of such reports from the Stock Exchange, but Asil Nadir does not believe that the Stock Exchange ever sent his evidence to the DTI.