

Metropolia IPW 2015 - Course Prof. Dr. Holger Buck

## Disclosure of Inside Information Case Study

*Jürgen Schrempp, at the time Chairman of the Management Board of Daimler AG (then DaimlerChrysler AG) wished to resign prematurely, almost three years before the expiry of his mandate. The decision-making process within the company evolved over a period of several weeks:*

***On 17 May 2005**, Mr Schrempp discussed his intention with the Chairman of the Supervisory Board, Mr Kopper. **Between 1 June and 27 July 2005**, Mr Schrempp's plan to resign was disclosed to further members of the Supervisory Board and the Management Board. **As from 10 July 2005**, Daimler began to prepare a press release and internal statements. **On 13 July 2005**, the Supervisory Board's Presidential Committee was convened for 27 July 2005, and the full Supervisory Board was convened for 28 July 2005; neither invitation mentioned Mr Schrempp's possible resignation. **On 18 July 2005**, Mr Schrempp and the Chairman of the Supervisory Board agreed to propose Mr Schrempp's early departure and Mr Zetsche's appointment as CEO at the forthcoming Supervisory Board meeting. In the **evening of 27 July 2005**, the Presidential Committee decided that it would propose to the Supervisory Board the approval of these proposals. **At approx. 9:50 am on 28 July 2005**, the Supervisory Board decided that Mr Schrempp would step down at the end of the year and be replaced by Mr Zetsche. **Immediately after that**, DaimlerChrysler AG made an ad hoc announcement under the German Securities Exchange Act which was published at 10:32 am. Following the announcement, DaimlerChrysler AG's share price rose sharply. Several shareholders who had sold DaimlerChrysler AG shares prior to the announcement, among them Mr Geltl, filed a suit against DaimlerChrysler AG claiming compensation for the damage.*

***Facts as in ECJ, judgement of 28 June 2012, C-19/11 – Geltl.***

### Questions for presentation and for discussion:

1. At what point in time do you think that DaimlerChrysler should have published that Mr Schrempp would (likely, most likely) resign? Present your arguments why, at this point in time, there was "precise" inside information!
2. List arguments in favour of an earlier or later point of time!
3. Can you think of any aspects in favour of DaimlerChrysler publishing the information at exactly the time they published it?
4. Who might have been tempted to act unethically during the decision-making process and, if so, in what manner?
5. Who is most likely to benefit from early public information and who should benefit from it?