

Section Four: News Gathering

FINANCIAL JOURNALISM

The market rules

THE CODE SAYS...

Clause Thirteen — Financial journalism

- i) *Even where the law does not prohibit it, journalists must not use for their own profit financial information they receive in advance of its general publication, nor should they pass such information to others.*
- ii) *They must not write about shares or securities in whose performance they know that they or their close families have a significant financial interest without disclosing the interest to the editor or financial editor.*
- iii) *They must not buy or sell, either directly or through nominees or agents, shares or securities about which they have written recently or about which they intend to write in the near future.*

It is notable that even in a world of increasing corporate accountability, the Clause 13 rules on financial reporting have remained unchanged since 1991. They have stood the test of time well and been recognised by the Government and European Union as an acceptable Code within the field of financial services regulation.

They have survived one major test, when the PCC launched its own investigation into the “Mirrorgate” scandal, where two business journalists had been tipping shares that they had previously bought — in clear contravention of the rules.

The journalists concerned were dismissed, as their contracts of employment required them to comply with the Code. The Editor,

while cleared of personal involvement in the scandal, was found guilty of breaching the Code by not enforcing it rigorously and had to publish a damning 4,000-word adjudication across pages 6-7 of the paper.

The PCC helped produce a [Best Practice Guidance Note](#) on financial journalism (*See Briefing panel: The Code and the Law*) which enhances the Code’s provisions, and which has been used as a basis for in-house regulation. An essential element is its emphasis on the spirit of the Code as set out in the Preamble, which means that it does not rely on narrow definitions, which would create instant loopholes.

KEY RULING

- [PCC and *Mirror City Slickers* \(Report 50, 2000\)](#).

KEY QUESTION

One commonsense test which underpins the financial journalism rules:

- **Would it survive the Private Eye test?** If it would damage the integrity of the journalist or his newspaper, if his or her actions were reported in *Private Eye* — then don’t do it.

65

FINANCIAL JOURNALISM
Share-tipping dangers

The panel
colour code

What the
Code says

Key
questions
editors need
to ask
themselves
when Code
issues arise

Briefings
on specific
areas where
the Code
applies

Back to
contents

Index