Deutsche Boerse set to 'woo' LSE

Bosses of Deutsche Boerse and the London Stock Exchange are to meet amid talk that a takeover bid for the LSE will be raised to £1.5bn ($2.9bn).

Last month, the German exchange tabled a 530 pence-per-share offer for LSE, valuing it at £1.3bn. Paris-based Euronext, owner of Liffe in London, has also said it is interested in bidding for LSE. Euronext is due to hold talks with LSE this week and it is reported to be ready to raise £1.4bn to fund a bid. Euronext chief Jean-Francois Theodore is scheduled to meet his LSE counterpart Clara Furse on Friday. Deutsche Boerse chief Werner Seifert is meeting Ms Furse on Thursday, in the third meeting between the two exchanges since the bid approach in December.

The LSE rejected Deutsche Boerse's proposed £1.3bn offer in December, saying it undervalued the business.

But it agreed to leave the door open for talks to find out whether a "significantly-improved proposal" would be in the interests of LSE's shareholders and customers. In the meantime, Euronext, which combines the Paris, Amsterdam and Lisbon stock exchanges, also began talks with the LSE. In a statement on Thursday, Euronext said any offer was likely to be solely in cash, but added that: "There can be no assurances at this stage that any offer will be made." A deal with either bidder would create the biggest stock market operator in Europe and the second biggest in the world after the New York Stock Exchange.

According to the FT, in its latest meeting Deutsche Boerse will adopt a charm offensive to woo the London exchange. The newspaper said the German suitor will offer to manage a combined cash and equities market out of London and let Ms Furse take the helm. Other reports this week said the

Deutsche Boerse might even consider selling its Luxembourg-based Clearstream unit - the clearing house that processes securities transactions. Its ownership of Clearstream was seen as the main stumbling block to a London-Frankfurt merger. LSE shareholders feared a Deutsche Boerse takeover would force them to use Clearstream, making it difficult for them to negotiate for lower transaction fees.