

UKLA Publications LIST!



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Transparency Directive

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1. INTRODUCTION

Introduction from Dilwyn Griffiths, Head of Market Monitoring

- 1.1 Welcome to this special Transparency Directive (TD) edition of LIST! In line with our normal practice when there are major changes to the Listing Regime we are producing some informal commentary to supplement the new rules and guidance. This edition gives an overview of the new requirements, highlights the main changes from the current regime and provides some illustrative worked examples of how some of the more technical requirements and exemptions will work in practice. We hope this will help issuers, their advisers and those who may be subject to the major shareholding notifications regime to understand and comply with their obligations. **However, as usual, we must emphasise that this edition represents only the informal views of the FSA and does not constitute formal FSA guidance.**

Background to Transparency Directive

- 1.2 The TD is one of the major measures in the European Union's Financial Services Action Plan and seeks to enhance transparency in EU capital markets through a common framework requiring:
- issuers to produce periodic financial reports
 - shareholders to disclose major shareholdings
 - issuers to disseminate regulated information
 - the provision of central mechanisms for sharing regulated information.

Timing

- 1.3 The new regime comes into force on 20 January 2007. The new rules take effect for the accounting year beginning on or after 20 January. We recognise that issuers with reporting periods starting before this date (e.g. those whose reporting periods equate to the calendar year) will not need to follow the new rules until 2008/09 for the 2008 reporting year. In contrast, issuers with reporting periods starting after 20 January 2007 (e.g. April 2007) will need to begin complying with the new rules at this earlier point in time.
- 1.4 **There is, however, one action which all issuers of listed shares will need to take this year. To enable shareholders to calculate their holdings as of 20 January 2007, we are requiring issuers on regulated markets and UK issuers on prescribed markets (such as AIM and PLUS markets) to declare the number of their shares admitted to trading by 31 December 2006.**

Impact on the current Listing and Disclosure Rules

- 1.5 The provisions of the TD cover areas where the UK already has rules and so the great bulk of the overall framework will already be familiar. However the details of the new regime does contain quite a few differences from the current requirements – some of them significant, such as the deadlines for producing periodic financial information (see para 2.5). There are some additional features, notably the requirement for interim management statements for issuers who do not produce quarterly reports (see paras 2.22 -2.29). On the other hand, various existing Listing Rules requirements will disappear – for example 'prelims' will become optional (see para 2.14). However, we have retained various Listing Rules requirements which go beyond the provisions of the Directive (see paras 2.31 onwards).

- 1.6 The implementation of the TD also transfers the responsibility for the major shareholding notification regime from the Department of Trade and Industry (DTI) to the FSA with the requirements now set out in the FSA Handbook rather than the Companies Act. However, we are retaining the issuer scope, reporting thresholds and deadline aspects of the Companies Act regime. But to comply with the Directive, notifications will be triggered by control over the exercise of voting rights attached to shares rather than the Companies Act concept of ‘interests in shares’. Chapter 3 of this newsletter provides our commentary on the regime.
- 1.7 Finally, the Directive requirements on disseminating and sharing regulated information will be implemented by the existing UK regime using disclosure via a Regulated Information Services provider (see Chapter 4).
- 1.8 The new rules and guidance needed to implement the Directive are being inserted into the Disclosure Rules sourcebook. From 20 January these will be called the ‘Disclosure and Transparency Rules’ (DTR5). However, where the Directive is implemented by rules which already exist, these remain in the Listing Rules.

Additional Information

- 1.9 Additional information may be found on the Company Monitoring section of the UKLA homepage <http://www.fsa.gov.uk/Pages/Doing/UKLA/company/index.shtml>. Issuers may also seek guidance on applying the DTRs by calling the UKLA Helpdesk on 020 7066 8333. The Company Monitoring team are option 4 (or email queries to TD_queries@fsa.gov.uk). However, issuers should first consult their advisers and our webpage before contacting the Helpdesk. We should also point out that, although we will be able to offer advice on how the major shareholdings notifications requirements operate, we will not undertake any calculations of shareholdings. The Panel on Takeovers and Mergers is, of course, the UK competent authority for takeovers and any questions on that regime should be addressed to them.

2. PERIODIC FINANCIAL REPORTING

Overview and issuer scope

- 2.1 The Transparency Directive (TD) aims to improve the quality, quantity and timeliness of periodic financial information produced by regulated market issuers and used by investors. It sets out requirements on the content and timing of annual and half-yearly financial reports and introduces the concept of interim management statements (IMS) for issuers of shares that do not produce quarterly reports.
- 2.2 The TD requirements are very similar to – but often extend beyond those of – the Listing Rules. Compared to the Listing Rules, the TD sets more prescriptive content requirements in certain areas, shorter deadlines for production and covers additional types of periodic reporting.
- 2.3 In certain areas, however, the Listing Rules extend beyond the TD for content or addressee scope. For example, while the Listing Rules require issuers to produce at least an annual financial report, the TD exempts issuers that exclusively issue wholesale debt from producing any periodic financial information.

2.4 The following paragraphs in this section set out the issues on annual and half-yearly financial reports. We then give consideration to the application of the requirement for IMS for share issuers. Finally, we cover the relatively few cases where the Listing Rules impose more stringent requirements than the TD.

Deadlines for production of periodic financial information

2.5 The new periodic reporting requirements will apply according to the start of the issuer's accounting year.

The main differences between the new and current regime are outlined in the table below:

| | Existing Deadlines | New Deadlines |
|------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Annual Report | 6 months | 4 months <i>DTR 4.1.4</i> |
| Preliminary Statement (of Annual Results) | 120 days | Voluntary (no deadline) |
| Half –yearly Reports (currently known as interims) | 90 days | 2 months <i>DTR 4.2.2 (2)</i> |
| Interim Management Statements (for issuers of shares who do not publish quarterly reports) | n/a | Between 10 weeks after the beginning, and 6 weeks before the end of the relevant 6 month period. <i>DTR 4.3.2, DTR 4.3.3</i> |

NOTE: The word 'month' means a full calendar month ie 30 days in June, 31 days in October and so on. The word 'day' refers to a calendar day.

Timing of periodic financial reporting requirements

2.6 The new periodic financial reporting requirements will apply according to the start date of the issuer's accounting year. This will mean:

- If the issuer's accounting year starts before 20 Jan 2007, the reporting cycle will begin at the start date of the following accounting year (2008).
- If the issuer's accounting year starts after 20 Jan 2007, the reporting cycle will begin on start date of accounting year.

The following examples illustrate the above scenarios:

| Reporting Deadlines | | | |
|---------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| | Example A: Accounting year start date before 20 Jan 2007 | | Example B: Accounting year start date after 20 Jan 2007 |
| Accounting year start date | 1 Jan 2007 | | 1 April 2007 |
| Accounting year | Year 1 | Year 2 | Year 1 |
| 1st Interim Management Statement | n/a | No sooner than 10 weeks after 1 Jan 2008 and no later than 6 weeks before end of June 2008. | No sooner than 10 weeks after 1 Apr 2007 and no later than 6 weeks before end of Sep 2007. |
| Half-yearly report | By end-Sep 2007 (within 90 days of half-year) | By end -Aug 2008 (within 2 months of half-year) | By end -Nov 2007 (within 2 months of half-year) |
| 2nd Interim Management Statement | n/a | Between 10 weeks after 1 Jul 2008 and six weeks before end of 2008 | Between 10 weeks after 1 Oct 2007 and six weeks before end of March 2008 |
| Preliminary statement (annual report) | By end- April 2007 (within 120 days) | Optional | Optional |
| Annual report | By end-June 2007 (6 months after year end) | Before end-April 2009 (4 months after year end) | Before end-July 2008 (4 months after year end) |

NOTE: For example A, reporting types, contents and deadlines for accounting year 1 should be in accordance with existing rules. In particular, this means that producing a preliminary statement will still be mandatory. In essence, this will mean during the transitional period, some issuers will be using the current regime while others would have switched over to the new rules.

Annual Financial Report

- 2.7 With the objective of ensuring timely and comparable annual financial reports, DTR1 sets out requirements on their content and publication.

The annual financial report must include (DTR 4.1.5):

- its audited financial statements prepared in accordance with the applicable accounting standards,
- a management report, and
- an appropriate statement of assurance from persons responsible in the issuer.

An issuer must make public the annual financial report no later than four months after the end of each financial year.

- 2.8 The audited financial statements must comprise consolidated accounts drawn up in line with Regulation (EC) No 1606/2002 (on the application of international accounting standards) if the issuer is required to produce consolidated accounts by the Seventh Company Law Directive. (DTR

4.1.6, DTR 4.1.7). As well as consolidated accounts, the audited financial statements must also include the annual accounts of the parent company, drawn up in line with national law of the Member State where the parent company is incorporated. Where the issuer is not required to prepare consolidated accounts the audited financial statements must be prepared in accordance with the issuer's national law. (In the UK, the majority of listed issuers have been using IFRS for their annual consolidated accounts since 1 January 2005, but some still use UK GAAP)

- 2.9 The management report must be drawn up in line with the Fourth Company Law Directive and if the issuer is required to prepare consolidated accounts, in accordance with the Seventh Company Law Directive.
- 2.10 The statement by persons responsible within the issuer (usually the directors) must certify that to the best of their knowledge the financial statements have been prepared in accordance with the applicable accounting standards and give '...a true and fair view of the assets, liabilities, financial positions and profit and loss of the issuer'. It must also certify that the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation, together with a description of the principal risks and uncertainties they face. (DTR4.1.12)
- 2.11 In terms of issuer scope, the annual reporting requirements and exemptions from these apply to all issuers of securities admitted to trading on a regulated market. For issuers of Asset-Backed Securities this means that the Listing Rule 17.3.6(1) exemption from producing annual accounts will be modified in the Final Rules so that it only applies to Asset-Backed Securities of wholesale denomination.

Publishing an Annual Financial Report

- 2.12 The TD classifies annual report and accounts as 'regulated information.' This means that the annual financial report must be disseminated in the same method as all other regulated information and must be made available on a fast, non discriminatory basis to the public in all EEA States.
- 2.13 In the Policy Statement 06/11 ('Implementation of the Transparency Directive' PS06/11), we state our intention to require that a disseminated annual report must include in full text the information currently included in the preliminary statements of annual reports (together with a link to the rest of the report). The corresponding DTR provision 6.3.5 requires the annual financial report announcement has to contain information '...of a type that would be required...in a half-yearly report...' We acknowledge that the difference in wording between PS06/11 and DTR may have led to some confusion about the dissemination requirements for annual reports. Currently, the content requirements for prelims is set out in Listing Rule 9.7.2(1)(b) which cross-refers to '...items required for a half-yearly report'. To avoid this cross-reference DTR 6.3.5 refers directly to the content of half-year reports.

Preliminary statement of annual results

- 2.14 The requirement to produce a preliminary statement of annual results ('prelims') is now optional. However, we expect issuers who choose to produce prelims will be expected to meet the existing content requirements. This includes the requirement for prelims to be disseminated in full text, to be agreed by auditors and, in circumstances where the audit report is likely to be modified, the rule requiring details of the nature of the modification.

- 2.15 Issuers who elect not to produce prelims will still be required to publish inside information as soon as possible in line with their obligations under the Market Abuse Directive as set out in DTR 2.

Half-yearly report

- 2.16 DTR 4.2 requires an issuer of a half-yearly report (previously referred to as interim results) to disseminate in full text a condensed set of financial statements prepared in accordance with the applicable accounting standards. And it must disseminate an interim management report and an appropriate statement of assurance from persons responsible in the issuer.
- 2.17 If the half-yearly report has been audited or reviewed by an auditor then that report or review must be published as well. Half-yearly reports covering the first six months of the financial year will need to be published as soon as possible and at the latest two months after the end of the relevant period.
- 2.18 Where the issuer is required to produce consolidated accounts, the condensed set of financial statements must be prepared in line with Regulation No 1606/2002 (on the application of international accounting standards). Where the issuer is not required to prepare consolidated accounts, the condensed financial statements must at least include a condensed balance sheet, and a condensed profit and loss account, prepared in line with the same principles applied to the annual financial accounts. What this means in practice is that issuers using IFRS for their annual accounts (as noted above, this is the great majority of UK listed issuers) will be required to produce half-yearly reports in accordance with IAS34 on Interim Financial Reporting. For the (relatively few) issuers that continue to use UK GAAP, we refer to pronouncements on interim financial reporting issued by the Accounting Standards Board (ASB).
- 2.19 In a similar requirement to those for annual report, the statements made by persons responsible within the issuer must certify that to the best of their knowledge the condensed set of financial statements have been prepared in accordance with the applicable accounting standards. The statements must also give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer or the undertakings included in the consolidation and that the interim management statement includes a fair review of the information required.
- 2.20 DTR 4.2.10(4) establishes the position that the requirement to confirm that the condensed set of financial statements gives a true and fair view will be satisfied by a statement that the condensed set of financial statements have been prepared in accordance with IAS 34, or (for UK issuers not using IFRS) pronouncements on interim reporting issued by the ASB or (for all other issuers not using IFRS) a national accounting standard relating to interim reporting. This rule is in all cases subject to the condition that the person making the statement has reasonable grounds to be satisfied that the condensed set of financial statements prepared in accordance with such a standard is not misleading. It will not be necessary for the persons responsible within the issuer to include a further explicit statement confirming that the condensed set of financial statements gives a true and fair view.

Responsibility for Annual and Half-yearly reports

- 2.21 The *issuer* bears exclusive regulatory responsibility for compiling the annual and half-year reports. Accordingly, the references in DTR 4.1.13(2) and DTR 4.2.11(2) to persons who have accepted responsibility will be removed in the final rules. We acknowledge that this will create a potential difference between these rules and DTR 4.1.12 and DTR 4.2.10, which for annual and half-yearly reports require the identification of the persons making responsibility statements. These rules copy-

out TD articles 4.2(c) and 5.2(c) respectively, and should be considered as standalone provisions with no effect on the issuers exclusive regulatory responsibility.

Interim Management Statement

- 2.22 In PS06/11 we undertook to reiterate and expand on our views on what we believe Interim Management Statements (IMS) need not include. A number of respondents asked us to confirm that an IMS did not need to comply with existing quarterly reporting requirements. They also asked us to clarify the extent to which existing reporting forms such as trading statements and performance reports satisfy the IMS requirements; whether financial data was always necessary; and our intended approach to enforcing the new regime. The following guidance is therefore focused on those issues.
- 2.23 Readers should note that our intention is to provide an informal indication of what we would not necessarily expect issuers to disclose in IMS. This guidance is not mandatory, exhaustive or appropriate to all issuers in all circumstances. We continue to believe that the content of IMS will depend on the circumstances of each issuer and the markets in which it operates. We support a market-led solution where the detail of IMS are developed by market practitioners and discussed between preparers and users of the information. We want issuers to use their professional judgement on what is important and should be reported and this guidance should in no way impede companies' freedom to choose a form of reporting appropriate to their stakeholders.
- 2.24 In the CP we stated our expectation that IMS would be less demanding than producing quarterly reports. We would not expect issuers to apply the conventions currently required for annual and interim reporting. The regulatory requirements used in those types of periodic financial reporting are not necessarily appropriate for IMS and are likely to lead to generic information that may detract from more IMS-relevant, issuer- tailored information on major events/transactions and their impact on the issuer.
- 2.25 We continue to believe that issuers may be able to meet the IMS requirements based on the content of performance reports, trading statements and other similar reporting formats with no additional information providing those statements or reports include the information required under DTR 4.3.5. This means that it must explain the material events and transactions that have taken place during the relevant period and their impact on the financial position of the issuer and provide a general description of the financial position of the issuer.
- 2.26 We have been informed of the market practice of publishing quarterly operating performance reports which contain key operating statistics and information about material events or transactions as well as the impact on the issuers' financial performance. At first look, IMS that are entirely based on such reports would appear to satisfy DTR 4.3.5 and no additional information should be necessary providing the information on 'financial performance' covers or is complimented by information on the financial 'position' of the issuer.
- 2.27 The information contained in trading statements may also be enough to meet the IMS requirements. However issuers should consider that the information typically found in trading statements relates to trading and possibly sales data and may to some extent be different from information on major events/transactions and the financial position of the issuer.
- 2.28 We believe that IMS may not require financial data in certain circumstances. The nature, scale and complexity of the issuer may be such that it can provide a meaningful narrative description of the major events/transactions that have occurred during the relevant period and the financial position of the issuer. If this happens then numerical data may not be required.

- 2.29 We intend to adopt a risk-based approach to enforcing the IMS regime. Our approach will further take into account the high-level nature of the rules and their openness to interpretation. As we stated in the Policy Statement we intend to review market practice in this area in 18-24 months, and will at that point consider the need for further guidance.

Exemptions from TD reporting requirements

- 2.30 The TD provides for a number of exemptions from the TD periodic reporting requirements. Implementing TD Article 8.1(a), DTR 4.4.1 exempts states, a regional or local authority of a state, public international bodies of which at least one EEA state is a member, and the ECB and EEA states' national central banks from all periodic reporting requirements.
- 2.31 In our view the exemption in DTR 4.4.1 extends to issuers of debt securities in circumstances where the issuer is an agency which issues debt on behalf of a State or a regional or local authority of a State so that the debt security is an obligation of the State or other such authority. In other cases, for example where an issuer is a statutory corporation established and wholly owned by a State or regional or local authority of a State which issues its own debt obligations, but where that debt is covered by a statutory guarantee from the State or other such authority and where the issuer is not required under the company law of the relevant State to publish its own annual accounts, the FSA will be prepared to consider requests for specific guidance.
- 2.32 Under TD Article 8.3 and DTR 4.4.4 issuers existing as of 1 July 2005 which exclusively issue debt securities unconditionally and irrevocably guaranteed by the home Member State or one of its regional or local authorities are exempted from the requirement to produce half-year reports.

Listing rules that impose more strict requirements than the TD

- 2.33 The Listing Rules ('LR') requirement for listed issuers of exclusively wholesale debt to produce an audited annual report remains. Likewise, the LR requirement remains for issuers on the Professional Securities Market ('PSM') to publish annual accounts within 6 months.
- 2.34 We retain the LR requirement that issuers falling outside the scope of IAS34 should reflect in half-yearly reports any accounting policy changes that will apply in the subsequent annual report.
- 2.35 We have removed the current Listing Rule that requires a listed company to either send the half-yearly report to holders of its listed securities or insert it as a paid advertisement, in at least one national newspaper.

Dividend Statements

- 2.36 We have retained the LR requirement on the timeliness and content of dividend statements; we are keen to maintain the requirements on companies to notify investors as soon as possible after a board decision on dividends or other distribution has been reached.
- 2.37 The LR and DTR have a different (albeit overlapping) addressee scope. The LR applies to listed issuers (including PSM issuers) and the DTR applies to regulated market issuers. We will therefore maintain the dividend rule in both LR and DTR. We believe that the request to remove the requirement to announce interest payments and insert a requirement on debt issuers to notify any departure from the intention set out in the documentation is already substantially addressed. The LR only requires announcements on debt interest payments where the company has decided to withhold such a payment.

The Model Code

- 2.38 The changes to the deadlines for producing annual and half-year reports, the prelim regime and the requirement to produce interim management statements will necessitate changes to the Model Code's close periods. For prelims, the definition of 'close period' [paragraph 1(a)(i)] will be amended to take account of the permissive nature of the new prelim regime and will link the 60-day close period to either the prelim (if the issuer does one) or the annual report itself.
- 2.39 For half-year reports, the current close period is 60 days which equates almost exactly to the new two month deadline for producing half-year reports. On this basis, we will amend paragraph 1(a)(ii) to remove the first leg of the close period definition. For half-year reports, the close period will only be the period from the end of the relevant (six month) financial period up to and including the time of publishing the report.
- 2.40 We did not consult on the imposition of a close period prior to publishing the IMS, so we will not be extending the Model Code to cover this period at this time. Issuers will be required to use their discretion as to any price sensitive information contained within the IMS when making their trading decisions. We are aware that this position runs contrary to the requirements for quarterly reporting, so we will keep this position under review. If issuers make a strong case for consistency and would like more certainty in this area we will consider introducing a closed period ahead of IMS publications.

Equivalence

- 2.41 We are currently looking into the extent to which we can legally declare equivalence in relation to the DTR4. The Commission have indicated that they will be assessing the equivalence of international accounting standards, so we will not be granting any exemptions that may pre-empt this decision.

3. MAJOR SHAREHOLDING NOTIFICATION

Introduction

- 3.1 In implementing the TD, the Companies Act 1985 (CA1985) major shareholder disclosure regime is being repealed and responsibility for the regime is passing from the DTI to the FSA. The major shareholding notification requirements are set out in DTR 5.
- 3.2 DTR 5 requires shareholders (or those with rights to acquire shares) of an issuer traded on a regulated or prescribed market (such AIM and PLUS markets) to simultaneously inform the issuer and the FSA of changes to major holdings in that issuer's shares. Issuers must then disseminate this information to the wider market.
- 3.3 In contrast to the CA1985 requirements whereby notifications are triggered by 'interests in shares', DTR 5 requirements relate to the control over exercising voting rights attached to shares. Disclosure of changes in major shareholdings are designed to enhance market transparency.

Issuer Scope

- 3.4 **UK-issuers on regulated markets:** Issuers with shares traded on regulated markets must comply with DTR5 which retains the current CA1985 disclosure thresholds (these rules are super-equivalent to the TD minimum requirements).
- 3.5 **Non- EEA issuers** and their shareholders whose shares are traded on a regulated market for which the UK is their home member state must comply with TD minimum disclosure requirements only (super-equivalent requirements do not apply). However, non-UK issuers can be exempt from the requirements if their domestic regime is deemed equivalent.
- 3.6 **UK-issuers on prescribed markets.** Issuers and shareholders of UK public companies traded on a prescribed market such as AIM or PLUS must comply with DTR5. Non-UK issuers on these markets are not required to comply with DTR5.
- 3.7 **EEA issuers** incorporated in another Member State with a registered office located other than in the UK with listed securities on a UK regulated market, will not be expected to comply with DTR 5, as they will already be required to comply with corresponding requirements in their home member states.
- 3.8 **Equivalence:** Under the TD we may exempt non-EEA issuers from certain disclosure and transparency obligations provided that they are subject to equivalent obligations in their country.

If we determine that provisions in a third country are equivalent then this will result in the following directive provisions being dis-applied.

- *Article 12(6): Notification of the acquisition of or disposal of major holdings*
- *Article 14: Acquisition and disposal of own shares*
- *Article 15: Notification following increase or decrease in capital/or voting rights*

When a regime is deemed equivalent, the issuer will not be expected to comply with DTR5. The issuer will have to comply with the requirements under DTR6, for example:

- the filing of information with the FSA
- the language provisions; and
- the dissemination of information provisions

- 3.9 **Further information to be published on equivalence:** We are conducting equivalence assessments on some jurisdictions. We intend to publish further details of our approach to equivalence and provide details of the equivalence assessments on 22 December 2006. Where a regime is deemed equivalent, it will not have to comply with our rules implementing the above TD articles. All other non-EEA issuers will be expected to comply with TD minimum.
- 3.10 **Non-EEA investment managers:** DTR 5.1.5 allows certain voting rights (such as the holdings of EEA qualifying investment managers, asset managers and shares belonging to open-ended investment companies) to be disregarded for the purposes of notification below the 5% and 10% thresholds. The rules [DTR 5.1.5(1)(d) and DTR 5.1.5(2)(e)] also give us the power to determine that non-EEA investment entities and managers should be subject to the same sub-5% and 10% notification obligations as EEA firms. We consider that equal treatment of non-EEA investment managers and entities should be conditional on the entities and managers concerned being subject

to appropriate regulation in the country in question and there being no other reasons for not prescribing e.g. lack of reciprocity in the treatment of EEA investment managers. A list of managers and entities that meet these conditions will be published on our website together with a reference to the relevant DTR provisions.

- 3.11 We have been approached by representatives of US investment managers requesting equal treatment. Based on our examination of the general regulation and major shareholding disclosure obligations of investment managers in the US, we consider that ‘investment advisors’ regulated according to the Investment Advisors Act 1940 and the Investment Company Act 1940 to be subject to appropriate regulation. On the basis that there are no other impediments to prescribing US investment advisors these will for the purposes of DTR5 be treated in the same way as EEA investment managers.

Notification Thresholds

- 3.12 Direct or indirect shareholders of UK-Issuers will be required to simultaneously inform the issuer concerned and the FSA if:
- they have a notifiable interest¹ in holdings of 3% or above of the issuer’s total voting rights and capital in issue; and
 - if their holdings change to reach, exceed or fall below every 1% above 3% of the issuer’s total voting rights and capital in issue.
- 3.13 Total number of voting rights: voting rights must be calculated on the basis of all the shares to which voting rights are attached even if the exercise of such rights is suspended. The number of voting rights to be considered when calculating the percentage of voting rights should be based on the issuer’s most recent month end disclosure, disregarding any treasury shares held by the issuer. The net direct or indirect holding in shares (or financial instruments) considered should be by reference to a point in time up to midnight of the day of the determination (i.e. date of change in number of voting rights).
- 3.14 Issuers are required (under DTR 5.6.1) to disclose the total number of voting rights and capital for each class of shares which it issues at the end of each month where there has been a change. We are aware of a potential inconsistency between the timeliness of the denominator notification required under DTR 5.6.1 and that required by the Takeover Panel (TOP) which requires updating on a daily compared to a monthly basis. We cannot resolve this inconsistency without making this part of the DTR significantly more burdensome than the requirements of the TD and Companies Act. Issuers (including those covered by the TOP rule) should continue to apply DTR 5.6.1.
- 3.15 Shareholders required to notify us must file the information in electronic format. Shareholders required to notify us about shares on a regulated market must use the major shareholding notification form which will be available in electronic format on our website at www.fsa.gov.uk/Pages/Doing/UKLA/index.shtml. We have an updated version of this form at the end of this newsletter.

1 Notifiable interests include direct interests (holdings of shares with voting rights attached); indirect interests (those with access to voting rights); and financial instruments which give the holder the formal entitlement to acquire shares with voting rights attached.

- 3.16 Acquisition and disposal of own shares: An issuer of shares must, if it acquires or disposes of its 'own shares', make public the percentage of voting rights attributable to those shares, where the acquisition or disposal reaches, exceeds or falls below 5% or 10% of voting rights (DTR5.5.1R).
- 3.17 Below we set out two examples clarifying which denominator to use in calculating the percentage of voting rights in cases where there is an acquisition or disposal of own shares. The denominator should exclude treasury shares. This is because when a company acquires treasury shares it must not exercise the votes attached to those shares.
- 3.18 The denominator used for the calculation of the acquisition or disposal of own shares or any other notifiable interest (by a shareholder) is the denominator that should have been disclosed by the issuer under DTR 5.6.1 R (issuer must at the end of each calendar month during which an increase or decrease has occurred, disclose the total number for voting rights and capital for each class of share). Companies are also required to disclose total number of shares held in treasury see DTR 5.6.1 (2).

Example A:

The two examples demonstrate the disclosure requirements and relevant calculations where a company acquires its own shares.

| Company XYZ purchases own shares | | |
|----------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of issued shares | Event | Disclosure & Relevant Calculations |
| 105,000 Ordinary Shares | Company X buys 6,000 shares and cancels them. | A: must disclose an acquisition of own shares. The percentage is 5.7% $(6000/105,000) * 100$ B: At the end of the calendar month it must disclose the reduction in share capital and voting rights as a result of shares being cancelled. |
| 105,000 Ordinary Shares | Company XYZ purchases 6,000 shares and holds them in treasury | A: must disclose an acquisition of own shares. The percentage is 5.7% $(6000/105,000) * 100$ B: At the end of the calendar month it must disclose the number of shares held in treasury (6,000) and at this point the denominator changes (from 105,000 to 99,000) |

Example B:

Illustrates that treasury shares are not counted a part of the denominator used to calculate a notifiable interest.

| Company PQR disposes of own shares (shares held in treasury) | | |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of issued shares | Event | Disclosure & Relevant Calculations |
| 105,000 Ordinary Shares of which 6,000 held in treasury | Company PQR uses 3,000 treasury shares for an employee share scheme. These shares are no longer treasury shares. | A: the company will use 99,000 as the denominator to determine the percentage of treasury shares it holds. Disposal of own shares $(3000/99,000) \times 100 = 3\%$ B: At the end of the calendar month it must disclose the change in share capital (ie 102,000) |

Notification Deadlines

UK- issuers on Regulated markets:

- 3.19 Transitional provisions (TP)²: The purpose of the TP is to ensure that shareholders are able to work out their relative holdings i.e. be provided with the denominator for their calculations.

| Disclosure Requirements | Deadline | Details |
|----------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Total voting rights | By 31 December 2006 | Disclose the total number of voting rights and capital for each class of share (in accordance with DTR 5.6.1R). |
| Changes to total voting rights | Between 31 December 2006 and 20 January 2007 | Announce any subsequent alteration as soon as possible between these dates. |
| Outstanding notifications from shareholders | By 20th April 2007 | Disclose any outstanding notifications from shareholders by 20th April 2007. |

Ongoing provisions: This table outlines the ongoing disclosure provisions for issuers.

| Disclosure Requirements | Deadline | Details |
|------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total voting rights | At the end of every calendar month | Disclose any changes in total number of voting rights and capital in respect of each class of share as soon as possible (in accordance with DTR 5.6.1R). |
| Transactions in own shares | Within four trading days after transaction | Disclose transaction in own shares (i.e. if holdings reaches, exceeds or falls below a, 5% and 10% threshold of voting rights concerns (DTR 5.5.1R) |
| Notifications from shareholders | By the end of the next trading day | Disclose any information notified to it by shareholders (in accordance with DTR 5.8.12R). |
| Changes to terms in voting rights | With immediate effect | Disclose any changes in rights attached to various classes of shares. |

² See PS 06/11 Annex A p.2-5 for a full list of TPs.

3.20 UK issuers on Prescribed markets:

Transitional provisions:

| Disclosure Requirements | Deadline | Details |
|----------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Total voting rights | By 31 December 2006 | Disclose the total number of voting rights and capital in respect of each class of share (in accordance with DTR 5.6.1R). |
| Changes to total voting rights | Between 31 December 2006 and 20 January 2007 | Announce any subsequent alteration as soon as possible between these dates. |
| Outstanding notifications from shareholders | By 20 April 2007 | Disclose any outstanding notifications from shareholders by 20 April 2007. |

Ongoing provisions: This table outlines the ongoing disclosure provisions for issuers

| Disclosure Requirements | Deadline | Details |
|------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total voting rights | At the end of every calendar month | Disclose any changes in total number of voting rights and capital in respect of each class of share as soon as possible (in accordance with DTR 5.6.1R). |
| Transactions in own shares | Within four trading days after transaction | Disclose transaction in own shares (i.e. if holdings reaches, exceeds or falls below a, 5% and 10% threshold of voting rights concerns (DTR 5.5.1R) |
| Notifications from shareholders | Within three trading days | Disclose any information notified to it by shareholders (in accordance with DTR 5.8.12(2)R). |
| Changes to terms in voting rights | With immediate effect | Disclose any changes in rights attached to various classes of shares. |

Note the differing deadlines for UK issuers on prescribed markets and regulated markets in relation to ‘notifications from shareholders’.

3.21 **Non-EEA Issuers on regulated markets:** We will maintain a list of non-EEA states which have laws judged to be equivalent to those imposed by DTR 5. Issuers from non-EEA states are subject to the TD minimum requirements unless we deem the domestic regime to be equivalent to the TD.

| Requirement | Deadline | Details |
|----------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Notifications from shareholders | Within three trading days | Disclose any information notified to it by shareholders (in accordance with DTR 5.8.12R). |
| Total voting rights disclosure | At the end of the calendar month in which a change takes place. | Disclose any changes in total number of voting rights and capital in respect of each class of share as soon as possible (in accordance with DTR 5.6.1R). |

Non-EEA Issuers on prescribed markets: these issuers have no disclosure obligations.

Shareholders

3.22 Transitional Provisions

| Requirement | Deadline | Details |
|---------------------------------------|------------------|--------------------------------------------------------------------------------------|
| Notification of major holdings | By 20 March 2007 | Final deadline by which shareholders must make a disclosure if required under DTR 5. |

3.23 Ongoing Provisions

| Notification of change in holdings | Deadline | Details |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UK Issuer | Within two trading days after the date the shareholder learns or is informed of a change in their holdings* | Inform the issuer and us of a change in holdings. |
| EEA Issuer | Within four trading days after the date the shareholder learns or is informed of a change in their holdings* | Inform the issuer and us of a change in holdings. |
| Non-EEA State Issuer | Within four trading days after the date the shareholder learns or is informed of a change in their holdings* | Inform the issuer and us of a change in holdings. If the domestic regime of the non-EEA issue is not deemed equivalent they should comply with the TD minimum. |

*Where the shareholder is party to or instructed a transaction he will be deemed to have learnt of the transaction no later than two trading days following the transaction. If a transaction is conditional upon the approval by public authorities or future uncertain events outside the control of the parties, the shareholder is deemed to have learnt of the transaction only when relevant approvals are obtained or the event happens.

Notifiable Interests

3.24 Whether a notification of change in major holdings is necessary is determined by the percentage of voting rights. This may change as a result of:

- acquiring or disposing of shares with voting rights attached;
- changes to any direct or indirect major holdings of financial instruments³ which give the holder to a right to acquire shares with voting rights attached; or
- a change in the issuer's total voting rights.

³ Financial instruments are those defined in Section C of Annex 1 of MiFID and include transferable securities and options, futures, swaps, forward rate agreements and any other derivative contracts which give the holder the right to acquire shares with voting rights attached.

- 3.25 Direct and indirect shareholders, unless otherwise exempt, must notify the issuer and us of their holdings in shares with voting rights attached if the percentage of the shareholder's voting rights reach, exceed or falls below a notifiable threshold.
- 3.26 **Financial instruments:** Persons who are not exempt must also notify the issuer and us of their direct or indirect holdings in financial instruments if the percentage of the person's voting rights reach, exceed or breach a notifiable threshold. Where a financial instrument relates to more than one underlying share, a separate notification should be made to each issuer of the underlying shares. The holder of financial instruments is required to aggregate, and if necessary, notify all such instruments related to the same issuer (DTR 5.3.3R). The obligation to disclose the breakdown of financial instruments is a TD level 2 requirement. We will only require the notification of long derivative positions. For the purpose of notifications long positions cannot be offset against short positions held by investors.
- 3.27 **Indirect shareholders:** Indirect shareholders are those that are entitled to acquire, dispose of, or exercise voting rights on behalf of a third party (or in other cases outlined in DTR5.2.1) and who may be able to control the manner in which voting rights are exercised. This may be through shares or financial instruments. In such cases, where the holding reaches, exceeds or breaches a notifiable threshold, a notification to the issuer should be made. Indirect holdings must be aggregated but also separately defined in notifications to the issuer.
- 3.28 **Combined holdings:** Where shareholders have combined holdings (for example of direct and indirect holdings under financial instruments) they may also be required to notify the issuer and us if there is a notifiable change in the aggregate level of the holding. A notification may also be required in this case if there is a notifiable change in one or more categories of voting rights (for example voting rights held via financial instruments) even if their overall percentage level of voting rights remains the same. The notifiable categories of voting rights are:
- voting rights which the person holds as a shareholder and as the direct or indirect holder of financial instruments;
 - the voting rights held as a direct or indirect shareholder; and
 - the voting rights of all direct and indirect holdings of financial instruments.
- 3.29 Persons required to make notifications to issuers may appoint another person to make that notification on his behalf. A single notification may also be made where two or more persons are required to notify an issuer.
- 3.30 An undertaking is not required to make a notification if instead it is made by its (or the ultimate) parent undertaking.

Proxies

- 3.31 DTR 5.8.4 sets out the requirements on both shareholders and proxy holders for the notification of proxy holdings. The effect of the rule is such that where a proxy is granted (entitling a proxy holder to decide with discretion how the votes are cast) a proxy holder will be required to disclose his total holdings at the proxy deadline (or as soon as practicable following the deadline) if these holdings reach or exceed 3% of the total voting rights. When calculating this position the proxy holder must include his own holdings as well as the proxies he has received. When filling out the major shareholding notification form the proxy holder may provide details of any individual holdings he has received that in themselves amount to a notifiable disposal of voting rights by the shareholder. The proxy holder will relieve the proxy giver of any obligation to notify such a disposal if the notification describes what the position will be once the proxy has expired.

The form below demonstrates how a proxy holder should fill out the major shareholder notification form.

TR-1: NOTIFICATION OF MAJOR INTERESTS IN SHARES

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 1. Identity of the issuer or the underlying issuer of existing shares to which voting rights are attached ⁱ : | ABC Inc. |
| 2. Reason for the notification (please tick the appropriate box or boxes): | |
| An acquisition or disposal of voting rights | <input checked="" type="checkbox"/> |
| An acquisition or disposal of financial instruments which may result in the acquisition of shares already issued to which voting rights are attached | <input type="checkbox"/> |
| An event changing the breakdown of voting rights | <input type="checkbox"/> |
| 3. Full name of person(s) subject to the notification obligation ⁱⁱ : | Winston Santos (proxy holder) |
| 4. Full name of shareholder(s) (if different from 3.) ⁱⁱⁱ : | Sam Harris Hugh Nicolson |
| 5. Date of the transaction and date on which the threshold is crossed or reached ^{iv} : | 1 st Dec |
| 6. Date on which issuer notified: | 2 nd Dec |
| 7. Threshold(s) that is/are crossed or reached: | 16% |
| 8. Notified details | |

A: Voting rights attached to shares

| Class/type of shares if possible using the ISIN CODE | Situation previous to the Triggering transaction ^v | | Resulting situation after the triggering transaction ^{vi} | | | | |
|-------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------|---------------------------------------|------------------------|--------------------|----------|
| | Number of Shares | Number of Voting Rights ^{viii} | Number of shares | Number of voting rights ^{ix} | | % of voting rights | |
| | | | Direct | Direct ^x | Indirect ^{xi} | Direct | Indirect |
| xxxx | 650 | 650 | 2600 | 650 | 1950 | 4 | 12 |

B: Financial Instruments

| Resulting situation after the triggering transaction ^{xii} | | | | |
|---------------------------------------------------------------------|---------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------|
| Type of financial instrument | Expiration date ^{xiii} | Exercise/ Conversion Period/ Date ^{xiv} | Number of voting rights that may be acquired if the instrument is exercised/ converted. | % of voting rights |
| - | | | | |

| Total (A+B) | |
|-------------------------|--------------------|
| Number of voting rights | % of voting rights |
| 2600 | 16 |

9. Chain of controlled undertakings through which the voting rights and/or the financial instruments are effectively held, if applicable ^{xv}:

Proxy Voting:

10. Name of the proxy holder:

Winston Santos

11. Number of voting rights proxy holder will cease to hold:

1950 (12%)

12. Date on which proxy holder will cease to hold voting rights:

5th Dec.

13. Additional information:

When proxy expires

4% of voting rights will return to Sam Harris
3% will return to Hugh Nicholson

14. Contact name:

Winston Santos

15. Contact telephone number:

020 XXXX XXXX

| A: Identity of the person or legal entity subject to the notification obligation | |
|----------------------------------------------------------------------------------|--|
| Full name (including legal form for legal entities) | |
| Contact address (registered office for legal entities) | |
| Phone number | |
| Other useful information (at least legal representative for legal persons) | |

| B: Identity of the notifier, if applicable ^{xvii} | |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Full name | Winston Santos |
| Contact address | 144A Upper Columbia Street, London |
| Phone number | 020 XXXX XXXX |
| Other useful information (e.g. functional relationship with the person or legal entity subject to the notification obligation) | |

| C: Additional information |
|---------------------------|
| |

Exemptions

- 3.32 Some entities, individuals or types of holdings are either fully or partially exempt from the notification requirements. Where a shareholder has a combination of different holdings the conditions for disclosure may vary. We have set out examples of such instances at the end of this section.
- 3.33 **Managers of lawfully managed investments; assets of a collective undertaking and open-ended investment companies:** Managers must only disclose holdings at 5% or above (as opposed to 3%) of the issuer's total voting rights and capital in issue. They must also notify their holdings if they reach, exceed, or fall below a 10% threshold. When their holdings reach 10% the exemption no longer applies. The shareholder/manager must make notifications if their holdings exceed 10% of the total voting rights and capital in issue. Disclosures are required for every 1% increase or decrease above this threshold.
- 3.34 **Disclosure obligations where a fund manager has been appointed on a discretionary basis:** In this section we clarify the disclosure obligations where for example a pension fund appoints a fund manager to act on a discretionary basis. In such a case the appointment (and the resulting transfer of voting rights) brings about a disposal by the pension fund trustees if the fund manager has been given discretion to vote the shares in the portfolio. Following the appointment the beneficial owner (the pension fund trustees) ceases to have a separate notifiable interest and the fund manager acting as an indirect holder of shares (as per DTR5.2.1 (h)) should make a notification if there are changes in the holdings of shares. Even if the client has retained power to give the fund manager instructions in respect of its assets, the client does not have a separate notifiable interest unless and until it exercises that power. It is also likely that the fund manager will only need to disclose when holdings breach 5% and 10% (DTR 5.1.5). Similar situations are also likely to arise for some insurance companies who appoint a fund manager. In the major shareholder disclosure form (TR-1) the fund manager should provide details of the beneficial owner of the relevant shares.
- 3.35 **Stock lenders and borrowing intermediaries:** The lending or borrowing of notifiable interests may not constitute a disposal or acquisition of the voting rights so no notification is necessary. For a stock lender acting under a standard stock lending agreements a loan of shares will not amount to a disposal. The shares acquired by the borrower should be on-lent or otherwise disposed of by no later than the close of business on the next trading day. In addition the borrower should not declare any intention (and not exercise) the voting rights attached to the shares.
- 3.36 **Clearing and settlement houses:** Shareholders acquiring for the sole purpose of clearing or settlement within the T+3 settlement cycle do not need to disclose the change in holdings.
- 3.37 **Custodians or nominees of holdings:** Custodians or nominees who can only exercise the voting rights attached to such shares under instructions given to them in writing or by electronic means do not have to disclose.
- 3.38 **Market makers:** Market makers (as defined in DTR 5.1.4R) are exempt from disclosing holdings up to 10% of the issuer's total voting rights and capital in issue. This exemption falls away if they reach, exceed, or fall below the 10% threshold. So market makers must disclose their total holdings if they change to reach, exceed or fall below every 1% above 10% of the issuer's total voting rights and capital in issue.
- 3.39 Regarding the definition of market makers, DTR 5.1.3(3) provides an exemption from notification of holdings up to 10% for market makers acting in their capacity as market makers. Market makers are broadly defined by the TD (via cross-reference to MiFID) as 'a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against his proprietary capital at prices defined by him'.

- 3.40 As stated in PS06/11 we consider that the definition includes a market maker acting in that capacity when acting to provide quotes in the OTC. This is because the term ‘financial markets’ in the definition should not or need not be construed narrowly only to mean a regulated market or MTF.
- 3.41 On this basis a ‘Retail Service Provider’ offering quotes in SETS stocks (not something an RSP does through or on a trading system of the LSE) can be a ‘market maker’ for the purposes of DTR5 provided it does so by holding itself out as willing to deal on own account to buy and sell SETS stocks at prices determined by it.
- 3.42 We further consider the definition of market makers to include ‘SETS Principals’ in so far as these are market makers on SETSmm or other system which is not pure order-driven system. In contrast, principal traders on a pure order-driven system (like SETS) would not be market makers for the purposes of DTR5.
- 3.43 **Credit institutions or investment firms:** Provided that shares held by credit institutions or investment firms are held on the trading book and their voting rights are not exercised or used to intervene in the management of the issuer then the holdings do not need to be disclosed below 5% of the issuer’s total voting rights and capital. At the 5% threshold the exemption of disclosure falls away and credit institutions and investment firms must disclose their total holdings if they change to reach, exceed or fall below every 1% above 5% of the issuer’s total voting rights and capital in issue.
- 3.44 **Collateral takers:** Provided a collateral taker does not declare any intention to or actually exercise the voting rights attached to shares under a collateral transaction (which involves the outright transfer of securities) they are exempt from major shareholding notification requirements.
- 3.45 **Aggregation of Managed Holdings:** Where the parent undertaking controls the voting rights of a controlled undertaking at its discretion, the parent undertaking must aggregate its holding with the controlled undertaking’s holding.
- 3.46 **Management companies :** Where the management company exercises its voting rights independently from the parent undertaking (including voting rights attached to the management company’s holdings which the parent undertaking has invested in), that parent undertaking is not required to aggregate its holdings with the holdings managed by the management company.
- 3.47 **Investment Firms:** Similarly, where an investment firm (authorised under MiFID) exercises its voting rights independently from its parent undertaking (including those voting rights attached to the investment firm’s holdings which the parent undertaking has invested in), that parent undertaking is not required to aggregate its holdings with the holdings managed by the management company.
- 3.48 **Exemption from aggregation:** A parent undertaking which wishes to be exempt from aggregating its holdings must notify us of the management companies and investment firms concerned (i.e. where issuers of the holdings have the UK as their Home Member State) and confirm that in each case the parent undertaking complies with independence criteria outlined in DTR 5.4.3R.
- 3.49 Where the benefits of exemption from aggregating holdings only relate to financial instruments, the parent undertaking (both regarding EEA State and third country undertakings) must notify us of the management companies and investment firms concerned.
- 3.50 **Non-EEA State undertakings:** A parent of an undertaking whose registered office is in a non-EEA state (or head office within the Community in the case of an investment firm) is exempt from aggregating its holdings (in issuers whose Home Member State is the UK).

- 3.51 Accordingly, the parent must notify us of a list of the management companies and investment firms and a statement that in each case the parent undertaking complies with conditions of independence (in accordance with DTR 5.4.10R).
- 3.52 Any parent undertakings notifying us of their exemptions from aggregating holdings must also be able to demonstrate that the requirements of independence outlined in DTR 5.4.6R are respected. DTR 5.4.6R requires parent undertakings to demonstrate that organisational structures, mandates regarding the parent and management company or investment firm relationships, and written policies and procedures, support independence regarding the exercise of voting rights.

Major Shareholding Notifications Examples

Introduction

- 3.53 In PS06/11: *Implementation of the Transparency Directive*, we provided examples of how we expect the rules on major shareholding notifications to work in practice. We also promised to provide further examples in List!, we have outlined these examples in this section.
- 3.54 We acknowledge that this is a complicated area and the examples and guidance laid out here and in PS 06/11 are not exhaustive. This is a new area of responsibility for us and we recognise that there may be some issues in the transition from the established Companies Act provisions to our new regime. However, we are committed to monitoring compliance with these rules and expect issuers and investors to take all necessary steps to meet their obligations.
- 3.55 For more details please read to ‘CP06/04: *Implementation of the Transparency Directive and Investment Entities Review*’ and ‘PS06/11 *Implementation of the Transparency Directive*’.

Market Makers

- 3.56 Market makers will only be required to disclose holdings of 10% and above. To benefit from the exemption, the shares must be held by a market maker acting in that capacity and the market maker must comply with the conditions and operating requirements set out in DTR 5.1.3 (3). These requirements include that the market maker must not intervene in the management of the issuer, or exert any influence on the issuer to buy back such shares or support the share price.

The following examples are intended to clarify how the exemption will work in practice. In general terms, the exemption falls away once the threshold has been breached:

Example A

- A market maker purchases a holding of 9% covered by the exemption but has no other interests. In this case there is no disclosure obligation as the market maker has a holding of less than 10% covered by an exemption.
- The market maker increases holdings covered by the exemption to 10% (a 1% increase) but has no other interests. A disclosure obligation arises as the market maker exemption falls away at 10%.

Example B

- A market maker has a holding of 9% covered by the exemption and a holding of 5% which is not. In this case the required disclosure is of a 5% holding as the market maker has exempted holdings of 9% (below the 10% threshold) but non-exempted holdings of 5%.

- The market maker increases holdings covered by the exemption to 11% (a 2% increase) but other holdings remain at 5%. Here the required disclosure is of a 16% holding, as the market maker exemption falls away at 10%. The full market maker holding must be aggregated with the non-exempted holdings of 5%.

Example C

- A market maker has a holding of 10% as a market maker and other interests of 4%. In this case the required disclosure is of a 14% holding as the market maker has no exemption for its market maker holding (as it is required above the 10% threshold). This must be aggregated with the other interests of 4%.
- The market maker decreases its holdings to 8% (a 2% decrease) and other interests remain at 4%. Here the disclosure as a market maker is of a 4% holding, as the market maker exemption applies in the respect of the 8% as it is under 10%, but the non-exempted holdings of 4% must be disclosed.

These examples are summarised in the table below:

| Market Maker Exemption (DTR 5.1.4 (3)) | | | |
|----------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| | Market maker holding | Other interest, not covered by an exemption | Disclosure obligation |
| Example A | 9% | 0% | No disclosure required. The market maker holding is less than 10%. |
| | Original holding 9% Change in holding +1% Total holding 10% | Original holding 0% Change in holding 0% Total holding 0% | 10% – the market maker exemption falls away at the 10% threshold |
| Example B | 9% | 5% | 5% – the market maker holding is less than 10% so the exemption applies, but the other holding needs to be disclosed |
| | Original holding 9% Change in holding +2% Total holding 11% | Original holding 5% Change in holding -0% Total holding 5% | 16% – the market maker exemption falls away at the 10% threshold so both types of interest need to be aggregated and disclosed |
| Example C | 10% | 4% | 14% – the market maker exemption falls away at the 10% threshold so both types of interest need to be aggregated and disclosed |
| | Original holding 10% Change in holding -2% Total holding 8% | Original holding 4% Change in holding -0% Total holding 4% | 4% – the market maker holding is less than 10% so the threshold applies, but the other holding needs to be disclosed |

3.57 Market makers should also be aware that a disclosure obligation could arise where there is a change in the total number of voting rights issued, even though the individual market maker has not increased nor decreased the level of his shareholdings. The example below should make this clearer:

| Increase or decrease in total number of shares with voting rights attached | | | | | | |
|----------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------|-----------------------------|---------------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Market maker holding | | Other interest, not covered by an exemption | | Disclosure Obligation |
| | Total number of shares with voting rights issued. | Total no. of shares held | Percentage of voting rights | Total no. of shares held | Percentage of voting rights held | |
| Example A | 2000 | 160 | 8% | 80 | 4% | 4% – the market maker holding is less than 10% so the exemption applies, but the other holding needs to be disclosed |
| | 2000 shares repurchased (400) <hr/> No. of shares 1600 | 160 | 10% | 80 | 5% | 15% – the number of voting rights decreases. The number of shares held as a market maker is the same but the proportion has changed. Both types of interests need to be aggregated and disclosed. |

Example A:

- Company XYZ has 2000 shares with voting rights attached in issue. A market maker has a holding of 160 (8% of the total) so the exemption applies, and a holding of 80 shares which is not exempted (4% of the total). In this case the required disclosure is of a 4% holding as the market maker has exempted holdings of 8% (below the 10% threshold) but non-exempted holdings of 4%.
- Issuer XYZ repurchases 400 shares with voting rights attached, the total number of shares in issue is now 1600. Even though the voting rights held by the market maker do not change a disclosure obligation is triggered. The market maker's holdings rise to 10% (a 2% increase), by virtue of the change in the denominator (from 2000 to 1600 shares). This holding is now above the exempt level. In addition, for the same reason the percentage level of the other holdings also increases (from 4% to 5%). Hence both types of holding need to be aggregated and the disclosure is of a 15% holding.

Asset Managers

- 3.58 We consider it important to continue to allow certain interests held by qualifying asset managers and investment managers and shares belonging to open ended investment companies to be disregarded for the purposes of notifications below 10%. However, the TD requires that such interests be disclosed at the 5% threshold.
- 3.59 In PS06/11 we explained *‘In the limited circumstances where an entity has holdings as principal in combination with holdings that are disregarded then the following should be considered.*
- 3.60 *Holdings that are disregarded and non-exempt holdings should be aggregated. If the aggregate breaches the 5% or 10% thresholds, then these holdings must be disclosed. Once the disregarded holding has lost its exempt status at the 5% level, then, to the extent that additional non-exempt holding are acquired, disclosure is required at each percentage point. If additional exempted holdings are acquired, these do not have to be disclosed until the aggregate is equal to or above 10% .’*
- 3.61 We have set out some examples below to make the complex interplay of rules clearer. It is also worth bearing the following points in mind:
- If an asset manager has holdings on behalf of a client (‘disregarded’ holdings) and holdings as a principal (‘other holdings’) these should be aggregated. If the total is equal to or exceeds 5% then this total should be disclosed (examples A & B)
 - If the aggregate holding is already equal to, or above 5% and there is a further acquisition of shares then the disclosure positions depends on the nature and size of the acquisition:
 - *If exempt (disregarded) holdings are acquired:* no further disclosure is required until the aggregate equals or exceeds 10% (no further disclosure: example C; exceeding the 10% combined holding: example D).
 - *If non-exempt holdings are acquired:* the aggregate total should be disclosed if the acquisition increases total voting rights by 1% or more (example C).
- 3.62 The examples below illustrate how the rules will work in practice. For the examples below assume that ‘asset manager’ refers to either an ‘asset manager’ (meets the requirements in DTR 5.1.5 R 1(a), or an ‘operator’ (meeting the requirements 5.1.5 R 1b). The examples apply to parent undertakings with principal holdings aggregating fund management holdings unless it takes advantage of disaggregation provisions in DTR 5.4.2R. In addition assume that the ‘asset manager’ or ‘operator’ holds a number of shares on behalf of clients but also acquires a number of shares as principal.

Example A: Combined holdings exceeding or equal to the 5% threshold

- An asset manager purchases a holding of 4% on behalf of clients as an agent (a holding that can be ‘disregarded’) it has no holdings as a principal. In this case there is no requirement to disclose as the combined holding is less than 5%.
- The asset manager acquires a holding as principal to (a 1% increase) but the level of disregarded holdings remain unchanged. The disclosure is 5%, as the combined holdings are greater than, or equal to, 5%.

Example B: Combined holdings exceeding or equal to the 5% threshold

- An asset manager has a holding of 1% as principal and acquires a holding of 2% on behalf of clients (disregarded holdings). There is no disclosure requirement.

- The asset manager increases holdings on behalf of clients to 5% (a 3% increase) but the level of other holdings remains unchanged. Here the disclosure is 6%, as the combined holding has breached the 5% threshold as a result of the acquisition.

Example C: Combined holdings above 5% with an acquisition of exempt holdings and combined holdings above 5% with an acquisition of non-exempt holdings

- An asset manager has holdings on behalf of clients of 4% and holdings of 2% (the aggregate of these holdings should have already been disclosed). It makes a further acquisition on behalf of clients of 1%. In this case there is no disclosure. If the aggregate holdings are equal to, or above, 5% then if exempt (disregarded) holdings are acquired no further disclosure is required until the aggregate equals, or exceeds, 10%
- The asset manager increases holdings as principal to 4% (a 3% increase) but the level of disregarded holdings remains unchanged. Here the obligation is 9%. If the original holdings are equal to, or above, 5%, additional acquisitions as a principal the full holding must be disclosed.

Example D: Combined holdings exceeding or equal to the 10% threshold

- An asset manager has holdings as principal of 2% and acquires 4% of holdings on behalf of clients. Here the disclosure is 6%, as the combined holding has breached the 5% threshold as a result of the acquisition.
- The asset manager purchases a further 4% holding on behalf of clients (total of 8%) holdings as principal remains unchanged. The disclosure is 10%. If holdings on behalf of clients are acquired, disclosure is required only when the aggregate breaches the 5% or 10% thresholds.

Example E: 3% threshold for holdings as a principal.

The asset manager purchases a 3% holding as principal. The disclosure is 3% as there is an obligation to disclose non-exempt holdings which are equal to, or exceed the minimum 3% threshold.

These examples are summarised in the table below:

| Certain shares to be disregarded under 5.1.5R except at 5% and 10% + | | | | | |
|----------------------------------------------------------------------|----------------------------------------------|-----------|----------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Holdings that can be disregarded under 5.1.5 | | Other holding | | Disclosure obligation |
| Example A | Original holding | 0% | Original holding | 0% | Not required to disclose – the other holding is below 3% and the combined holding is less than 5% |
| | Change in holding | +4% | Change in holding | 0% | |
| | Total holding | 4% | Total holding | 0% | |
| | Holding | 4% | Holding | 0% | 5% – the combined holding is greater than or equal to 5% |
| | Change in holding | -0% | Change in holding | +1% | |
| | Total holding | 4% | Total holding | 1% | |
| Example B | Original holding | 0% | Original holding | 1% | No disclosure |
| | Change in holding | +2% | Change in holding | -0% | |
| | Total holding | 2% | Total holding | 1% | |
| | Holding | 2% | Holding | 1% | 6% – acquisition of 3% of disregarded holdings mean the aggregate total breaches 5% hence the aggregate holding should be disclosed. |
| | Change in holding | +3% | Change in holding | -0% | |
| | Total holding | 5% | Total holding | 1% | |
| Example C | Original holding | 4% | Original holding | 2% | No disclosure If additional exempted holdings are acquired, these do not have to be disclosed until the aggregate is equal to or above 10%. The breaching of the 5% threshold has already been disclosed. |
| | Change in holding | +1% | Change in holding | -0% | |
| | Total holding | 5% | Total holding | 2% | |
| | Holding | 5% | Holding | 2% | 9% – the combined holding was greater than or equal to 5%. When additional non-exempt holdings are acquired, disclosure of the combined holding is required |
| | Change in holding | -0% | Change in holding | +2% | |
| | Total holding | 5% | Total holding | 4% | |
| Example D | Original holding | 0% | Original holding | 2% | 6% – the combined holding is greater than or equal to 5% |
| | Change in holding | +4% | Change in holding | -0% | |
| | Total holding | 4% | Total holding | 2% | |
| | Holding | 4% | Holding | 2% | 10% – the combined holding has to be disclosed when the aggregate is equal to or above 10% |
| | Change in holding | +4% | Change in holding | -0% | |
| | Total holding | 8% | Total holding | 2% | |
| Example E | Original holding | 0% | Original holding | 0% | 3% – the holding as principal is equal to the minimum disclosure threshold of 3% |
| | Change in holding | -0% | Change in holding | +3% | |
| | Total holding | 0% | Total holding | 3% | |

Direct or indirect holder of voting rights through with holdings of qualifying financial instruments

- 3.63 Where a person is either a direct or indirect shareholder (as defined for the purposes of DTR5) and also directly or indirectly holds qualifying financial instruments which fall within DTR under 5.3.1, the person should in accordance with DTR 5.7.1R aggregate their holdings. They must do this to establish if a disclosure obligation arises: if the total is greater than or equal to 3% then a

disclosure obligation arises. In the notification, using the standard form, a distinction will be made between the two types of interest. The examples below illustrate some of the possible scenarios.

Example A

- A shareholder has a 1.5 % direct or indirect holding of voting rights and a 1% holding of qualifying financial instruments. In this case there is no requirement to disclose as total holdings are below 3%.
- The shareholder increases holdings of qualifying financial instruments to 1.5% (a 0.5% increase) but the value of direct or indirect holdings of voting rights remains unchanged. Here the disclosure obligation is of a 3% holding, as combined holdings greater than, or equal to, 3% must be disclosed.

Example B

- A shareholder has a 3% direct or indirect holding of voting rights and a 2% holding of qualifying financial instruments. Here the disclosure is of 5% holding, as combined holdings greater than, or equal to 3% must be disclosed. The standard form will distinguish between the different interests.

Example C

- A shareholder has a 1 % direct or indirect holding of voting rights and a 2% holding of qualifying financial instruments. Here there is a disclosure obligation, as combined holdings greater than, or equal to, 3% must be disclosed. The standard form will distinguish between the different interests.
- The shareholder decreases holdings of qualifying financial instruments to 1.5% (a 0.5% decrease) but the value of direct or indirect holdings of voting rights remains unchanged. The shareholder now has to make a disclosure to indicate that he has fallen below the 3% threshold

These examples are summarised in the table below:

| Holdings of qualifying financial instruments. | | | |
|-----------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Direct or indirect holding of voting rights under 5.1.2 or 5.2.1 | Holding of qualifying financial instrument under 5.3.1 | Disclosure obligation |
| Example A | 1.5% | 1% | No – as total is below 3% |
| | Original holding 1.5% Change in holding -0% Total holding 1.5% | Original holding 1% Change in holding +0.5% Total holding 1.5% | Yes – as total is greater than or equal to 3%. The standard form will distinguish between the different interests. |
| Example B | 3% | 2% | Yes –as total is greater than 3%. The standard form will distinguish between the different interests. |
| Example C | 1% | 2% | Yes –as total is greater than, or equal to, 3%. The standard form will distinguish between the different interests. |
| | Original holding 1% Change in holding -0% Total holding 1% | Original holding 2% Change in holding -0.5% Total holding 1.5% | Yes 2.5% – as aggregated total is has fallen below 3%, a disclosure of new positions required. |

Change in composition of holdings:

3.64 In the situation where the total holding of voting rights and qualifying financial instruments remains the same but the respective size of these two components changes, a notification to the issuer may be required (see DTR 5.7.1R) further disclosure would be required. The table below should be read as a person moving from the position in the first row to that in the second.

Example A:

In the example below, the total value of voting rights and qualifying financial instruments remain the same in aggregate. However, the size of the two components changes and, so a further disclosure is required.

This example is summarised in the table below:

| Holdings of qualifying financial instruments: changes in composition | | | |
|----------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Holding of voting rights under 5.1.2 or 5.2.1 | Holding of qualifying financial instrument within 5.3.1 | Disclosure obligation |
| Example A | 3% | 6% | Yes. The total is greater than 3%. The standard form will distinguish between the different interests and record a total holding of voting rights and qualifying financial instruments as 9% |
| | Original holding 3% Change in holding +3% Total holding 6% | Original holding 6% Change in holding -3% Total holding 3% | Yes. Even though the total holding is 9%, as previously disclosed, the components have crossed notifiable thresholds: therefore a further notification is required. The standard form will distinguish between the different interests. |

Trading Book Exemption

3.65 There is a partial exemption from notification for voting rights held in the trading book of credit institutions and investment firms. However, we re-emphasise that to benefit from the exemption, the credit institution or investment firm must ensure that the voting rights attached to shares held in the trading book are not exercised or otherwise used to intervene in the management of the issuer.

The following examples illustrate how the exemption should work in practice.

- In example A, the exempted trading book holding increases from 4% to 5% but this does not exceed 5%, and so no disclosure is required.
- In example B, the trading book holding increases from 4% to 5% but does not exceed 5%, the non-exempted interest of 6% has already been disclosed.
- The trading book holding increases by 1% (from 5 to 6%), triggering a disclosure obligation. The disclosure should be 12% (6% Trading Book holding plus 6% non-exempted holding).

These examples are summarised in the table below:

| Credit institutions and investment firms: Trading book exemption | | | | | |
|------------------------------------------------------------------|-----------------------------------------------|----------------------|---------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------|
| | Trading book holding covered by the exemption | | Other interest, not covered by an exemption | | Disclosure obligation |
| Example A | 4% | | 0% | | No disclosure required |
| | Original holding | 4% | Original holding | 0% | No disclosure required as trading book holding does not exceed 5% |
| | Change in holding | +1% | Change in holding | 0% | |
| Total holding | 5% | Total holding | 0% | | |
| Example B | 4% | | 6% | | 6% – exempted holding need not be disclosed |
| | Original holding | 4% | Original holding | 6% | No disclosure required – exempted holding need not be disclosed The 6 % holding has already been disclosed. |
| | Change in holding | +1% | Change in holding | -0% | |
| Total holding | 5% | Total holding | 6% | | |
| | holding | 5% | holding | 6% | 12% – once the exempted holdings have breached 5% a disclosure is required of the new aggregated total. |
| | Change in holding | +1% | Change in holding | -0% | |
| | Total holding | 6% | Total holding | 6% | |

Increase or decrease in total number of shares with voting rights attached

3.66 Shareholders should be aware that any increase or decrease in the total number of shares with voting rights attached in issue may trigger a disclosure obligation even though the shareholder has not increased nor decreased the level of his shareholding. This arises because there is a change in the total number of shares (the denominator in the calculation) and so this will change the proportion of shares which may trigger a disclosure obligation.

The example below will help illustrate this point:

| Increase or decrease in total number of shares with voting rights attached | | | | |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Total number of shares with voting rights issued. | Total number of shares with voting rights held | Percentage of voting rights held | Disclosure Obligation |
| Example A | 2000 | 0 | 0% | |
| | 2000 | Original holding 0 Purchased +120 Total held 120 | 6% | 6% – number of shares with voting rights attached is higher than the 3% minimum disclosure threshold |
| | Number of shares 2000 Change in number +1000 Total number 3000 | 120 | 4% | 4% – there is no change in total number of shares held but the number of shares with voting rights has decreased, triggering a disclosure obligation. |

| Increase or decrease in total number of shares with voting rights attached | | | | |
|----------------------------------------------------------------------------|------------------|-------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Example B | | 2000 | No of shares purchased 120 | 6% 6% – number of shares with voting rights attached is higher than the 3% minimum disclosure threshold |
| | Number of shares | 2000 | 120 | 7% 7% – there is no change in total number of shares held but the number of shares with voting rights has increased. |
| | Change in number | -286 | | |
| | Total number | 1714 | | |

Example A:

- Company XYZ has 2000 shares with voting rights attached in issue. Person A purchases 120 shares in issuer XYZ. His holding amounts to 6% of total shares; exceeds the 3% threshold and so a disclosure obligation is triggered.
- Issuer XYZ issues a further 1000 shares with voting rights attached bringing the total number of shares in issue to 3000. Even though there is no change in the number of shares held by person A, the percentage of voting rights held decreases from 6% to 4%. This triggers a disclosure obligation. This obligation arises in spite of the fact that person A has not changed his aggregate holdings.

Example B:

- Company XYZ has 2000 shares with voting rights attached in issue. Person A purchases 120 shares in issuer XYZ. His holding amounts to 6% of total shares, this exceeds the 3% threshold and so a disclosure obligation is triggered.
- Issuer XYZ repurchases 286 shares with voting rights attached bringing the total number of shares to 1714. Even though there is no change in the number of shares held by person A, the percentage of voting rights held increases from 6% to 7%. This triggers a disclosure obligation. This obligation arises in spite of the fact that person A has not changed his aggregate holdings.

4. DISSEMINATION OF REGULATED INFORMATION

Dissemination

- 4.1 Since 2002, the Listing Rules have required the use of the PIP/SIP regime for the disclosure of regulated information. The regime works on the basis that issuers are required to issue their regulatory announcements via any Primary Information Provider (PIP) approved by the FSA. We approve providers that meet the requisite standards and, once approved, the providers of those services operate as Regulated Information Services providers (RISs). We ensure that RISs have to comply with certain minimum standards, particularly for security, timely distribution and ease of use.
- 4.2 We believe that the PIP/SIP model meets the dissemination requirements of the TD and so propose that issuers whose home Member State is the UK should continue to use it to disclose regulated information.

Electronic Communication

- 4.3 Reflecting TD article 17 and 18, DTR 6.1.8(1) requires an issuer to have its shareholders or debt security holders' consent in general meeting to the issuer communicating with them electronically and paragraph (4) provides that holders of shares and debt securities must be contact in writing to obtain their consent to being communicated with electronically. We have considered these directive provisions against the position under the Companies Act 1985 and in particular those provisions for example section 238(4A to 4E) which set out the conditions in which companies may communicate via website. Where a company has in reliance on those provisions secured express agreement from security holders to their being communicated with via a website we think companies should be able to continue to rely upon such agreements. Immediately on the commencement of the new regime we think it sensible to provide that companies may continue to communicate via a website in circumstances where it would have been lawful to do so before 20 January 2007 (see Transitional Provision 12 in DTR Sourcebook Transitional Provisions). The Companies Act 2006 contains a number of more detailed provisions on electronic communications. We appreciate that it is not ideal to have to sets of rules governing this area, and if necessary will review our rules in the future. The requirements of the DTR should be applied in a way that is consistent with those of the Companies Act. For example, the TD and DTR 6.1.8(4) allow the issuer to presume consent to electronic communication if there is no objection within a 'reasonable time', while the Companies Act specifies a period of 28 days. On this basis we would consider that a period of 28 days would also satisfy the 'reasonable time' limit. We have made some provision for the obligations in DTR Chapter 6 to be switched off where a company is subject to analogous requirements under the 2006 Act.
- 4.4 Subject to the transitional arrangements described in the preceding paragraph, for issuers wishing to use electronic communication with their shareholders, DTR 6.1.8(3) requires issuers to put in place 'identification arrangements' to inform shareholders and 'other persons' who control voting rights. We consider that 'identification arrangements' to mean arrangements to identify holders (or other persons) so that they can be effectively informed, on an ongoing basis, of the matters they are entitled to be informed of under the TD. We further consider that an issuer does not have to contact all 'other persons' described in TD Art 10(a) to (e) in order to use electronic communications – this is borne out by the TD's use of the word 'or' in Art. 17.3(c)

As a further precondition of electronic communication, DTR 6.1.8(2) stipulates that the use of electronic means must not depend on the location of the shareholder and other persons. We consider that this means that issuers will not be able to use e-communication for any mailing that they need to restrict e.g. for US securities law reasons.

Major Shareholder Notification Form

Since the publication of PS 06/11 there have been minor modifications to ‘TR-1’ the form for ‘notification of major interests in shares’. We attach a copy of the updated version in the following pages:

| |
|----------------------------------------------------------------------------|
| TR-1 ^{vii} : NOTIFICATION OF MAJOR INTERESTS IN SHARES |
|----------------------------------------------------------------------------|

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| 1. Identity of the issuer or the underlying issuer of existing shares to which voting rights are attached ^{viii} | |
| 2. Reason for the notification (please tick the appropriate box or boxes) | |
| An acquisition or disposal of voting rights | <input type="checkbox"/> |
| An acquisition or disposal of financial instruments which may result in the acquisition of shares already issued to which voting rights are attached | <input type="checkbox"/> |
| An event changing the breakdown of voting rights | <input type="checkbox"/> |
| 3. Full name of person(s) subject to the notification obligation ^{ix} | |
| 4. Full name of shareholder(s) (if different from 3.) ^x | |
| 5. Date of the transaction and date on which the threshold is crossed or reached ^{xi} | |
| 6. Date on which issuer notified | |

A: Voting rights attached to shares

| Class/type of shares if possible using the ISIN CODE | Situation previous to the Triggering transaction ^v | | Resulting situation after the triggering transaction ^{vi} | | | | |
|-------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------|---------------------------------------|------------------------|--------------------|----------|
| | Number of Shares | Number of Voting Rights ^{viii} | Number of shares | Number of voting rights ^{ix} | | % of voting rights | |
| | | | Direct | Direct ^x | Indirect ^{xi} | Direct | Indirect |
| | | | | | | | |

B: Financial Instruments

| Resulting situation after the triggering transaction ^{xii} | | | | |
|---------------------------------------------------------------------|---------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------|
| Type of financial instrument | Expiration date ^{xiii} | Exercise/ Conversion Period/ Date ^{xiv} | Number of voting rights that may be acquired if the instrument is exercised/ converted. | % of voting rights |
| | | | | |

| Total (A+B) | |
|-------------------------|--------------------|
| Number of voting rights | % of voting rights |
| | |

9. Chain of controlled undertakings through which the voting rights and/or the financial instruments are effectively held, if applicable ^{xv}:

| |
|--|
| |
|--|

Proxy Voting:

| | |
|------------------------------------------------------------------|--|
| 10. Name of the proxy holder: | |
| 11. Number of voting rights proxy holder will cease to hold: | |
| 12. Date on which proxy holder will cease to hold voting rights: | |

| | |
|-------------------------------|--|
| 13. Additional information: | |
| 14. Contact name: | |
| 15. Contact telephone number: | |

| A: Identity of the person or legal entity subject to the notification obligation | |
|----------------------------------------------------------------------------------|--|
| Full name (including legal form for legal entities) | |
| Contact address (registered office for legal entities) | |
| Phone number | |
| Other useful information (at least legal representative for legal persons) | |

| B: Identity of the notifier, if applicable ^{xvii} | |
|--------------------------------------------------------------------------------------------------------------------------------|--|
| Full name | |
| Contact address | |
| Phone number | |
| Other useful information (e.g. functional relationship with the person or legal entity subject to the notification obligation) | |

| C: Additional information |
|---------------------------|
| |

Notes to the form

- i This form is to be sent to the issuer or underlying issuer and to be filed with the competent authority.
- ii Either the full name of the legal entity or another method for identifying the issuer or underlying issuer, provided it is reliable and accurate.
- iii This should be the full name of (a) the shareholder; (b) the person acquiring, disposing of or exercising voting rights in the cases provided for in DTR5.2.1 (b) to (h); (c) all the parties to the agreement referred to in DTR5.2.1 (a), or (d) the direct or indirect holder of financial instruments entitled to acquire shares already issued to which voting rights are attached, as appropriate.

in relation to the transactions referred to in points DTR5.2.1 (b) to (h), the following list is provided as indication of the persons who should be mentioned:

- in the circumstances foreseen in DTR5.2.1 (b), the person that acquires the voting rights and is entitled to exercise them under the agreement and the natural person or legal entity who is transferring temporarily for consideration the voting rights;
 - in the circumstances foreseen in DTR 5.2.1 (c), the person holding the collateral, provided the person or entity controls the voting rights and declares its intention of exercising them, and person lodging the collateral under these conditions;
 - in the circumstances foreseen in DTR5.2.1(d), the person who has a life interest in shares if that person is entitled to exercise the voting rights attached to the shares and the person who is disposing of the voting rights when the life interest is created;
 - in the circumstances foreseen in DTR5.2.1 (e), the parent undertaking and, provided it has a notification duty at an individual level under DTR 5.1, under DTR5.2.1 (a) to (d) or under a combination of any of those situations, the controlled undertaking;
 - in the circumstances foreseen in DTR5.2.1 (f), the deposit taker of the shares, if he can exercise the voting rights attached to the shares deposited with him at his discretion, and the depositor of the shares allowing the deposit taker to exercise the voting rights at his discretion;
 - in the circumstances foreseen in DTR5.2.1 (g), the person that controls the voting rights;
 - in the circumstances foreseen in DTR5.2.1 (h), the proxy holder, if he can exercise the voting rights at his discretion, and the shareholder who has given his proxy to the proxy holder allowing the latter to exercise the voting rights at his discretion.
- iv Applicable in the cases provided for in DTR 5.2.1 (b) to (h). This should be the full name of the shareholder who is the counterparty to the natural person or legal entity referred to in DTR5.2.
 - v The date of the transaction should normally be, in the case of an on exchange transaction, the date on which the matching of orders occurs; in the case of an off exchange transaction, date of the entering into an agreement.

The date on which threshold is crossed should normally be the date on which the acquisition, disposal or possibility to exercise voting rights takes effect (see DTR 5.1.1R (3)). For passive crossings, the date when the corporate event took effect.

- vi Please refer to the situation disclosed in the previous notification, In case the situation previous to the triggering transaction was below 3%, please state 'below 3%'.
- vii If the holding has fallen below the minimum threshold, the notifying party should not be obliged to disclose the extent of the holding, only that the new holding is less than 3%.

For the case provided for in DTR5.2.1(a), there should be no disclosure of individual holdings per party to the agreement unless a party individually crosses or reaches an Article 9 threshold. This applies upon entering into, introducing changes to or terminating an agreement.

- viii Direct and indirect
- ix In case of combined holdings of shares with voting rights attached 'direct holding' and voting rights 'indirect holdings', please split the voting rights number and percentage into the direct and indirect columns-if there is no combined holdings, please leave the relevant box blank.
- x Voting rights to shares in respect of which the notifying party is a direct shareholder (DTR 5.1)
- xi Voting rights held by the notifying party as an indirect shareholder (DTR 5.2.1)
- xii If the holding has fallen below the minimum threshold, the notifying party should not be obliged to disclose the extent of the holding, only that the new holding is below 3%.
- xiii date of maturity/expiration of the financial instrument i.e. the date when the right to acquire shares ends.
- xiv If the financial instrument has such a period-please specify the period- for example once every three months starting from the [date]
- xv The notification should include the name(s) of the controlled undertakings through which the voting rights are held. The notification should also include the amount of voting rights and the percentage held by each controlled undertaking, insofar as individually the controlled undertaking holds 5% or more, and insofar as the notification by the parent undertaking is intended to cover the notification obligations of the controlled undertaking.
- xvi This annex is only to be filed with the competent authority.
- xvii Whenever another person makes the notification on behalf of the shareholder or the natural person/legal entity referred to in DTR5.2 and DTR5.3.

