Chapter 5

Vote Holder and Issuer Notification Rules
5.1 Notification of the acquisition or disposal of major shareholdings

5.1.1 In this chapter:

(1) references to an "issuer", in relation to shares admitted to trading on a regulated market, are to an issuer whose Home State is the United Kingdom;

(2) references to a "non-UK issuer" are to an issuer whose shares are admitted to trading on a regulated market and whose Home State is the United Kingdom other than:
   (a) a public company within the meaning of section 4(2) of the Companies Act 2006; and
   (b) a company which is otherwise incorporated in, and whose principal place of business is in, the UK;

(3) references to "shares" are to shares which are:
   (a) already issued and carry rights to vote which are exercisable in all circumstances at general meetings of the issuer including shares (such as preference shares) which, following the exercise of an option for their conversion, event of default or otherwise, have become fully enfranchised for voting purposes; and
   (b) admitted to trading on a regulated or prescribed market;

(4) an acquisition or disposal of shares is to be regarded as effective when the relevant transaction is executed unless the transaction provides for settlement to be subject to conditions which are beyond the control of the parties in which case the acquisition or disposal is to be regarded as effective on the settlement of the transaction; and

(5) [deleted]

(6) for the purposes of calculating whether any percentage threshold is reached, exceeded or fallen below and in any resulting notification, the proportion of voting rights held shall if necessary be rounded down to the next whole number.

5.1.2 A person must notify the issuer of the percentage of its voting rights he holds as shareholder or holds or is deemed to hold through his direct or indirect holding of financial instruments falling within DTR 5.3.1R (1) (or a combination of such holdings) if the percentage of those voting rights:
(1) reaches, exceeds or falls below 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10% and each 1% threshold thereafter up to 100% (or in the case of a non-UK issuer on the basis of thresholds at 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%) as a result of an acquisition or disposal of shares or financial instruments falling within DTR 5.3.1 R; or

(2) reaches, exceeds or falls below an applicable threshold in (1) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the issuer in accordance with DTR 5.6.1 R and DTR 5.6.1A R;

and in the case of an issuer which is not incorporated in an EEA State a notification under (2) must be made on the basis of equivalent events and disclosed information.

[Note: articles 9(1), 9(2), 13(1) and 13a(1) of the TD]

5.1.3 R

Certain voting rights to be disregarded

Voting rights attaching to the following shares are to be disregarded for the purposes of determining whether a person has a notification obligation in accordance with the thresholds in DTR 5.1.2 R:

(1) (a) shares acquired; or
   (b) shares underlying financial instruments within DTR 5.3.1R(1) to the extent that such financial instruments are acquired;

   for the sole purpose of clearing and settlement within a settlement cycle not exceeding the period beginning with the transaction and ending at the close of the third trading day following the day of the execution of the transaction (irrespective of whether the transaction is conducted on-exchange);

(2) (a) shares held; or
   (b) shares underlying financial instruments within DTR 5.3.1R(1) to the extent that such financial instruments are held;

   by a custodian (or nominee) in its custodian (or nominee) capacity (whether operating from an establishment in the UK or elsewhere) provided such a person can only exercise the voting rights attached to such shares under instructions given in writing or by electronic means;

(3) (a) shares held; or
   (b) shares underlying financial instruments within DTR 5.3.1R(1) to the extent that such financial instruments are held;

   by a market maker acting in that capacity subject to the percentage of such shares not being equal to or in excess of 10% and subject to the market maker satisfying the criteria and complying with the conditions and operating requirements set out in DTR 5.1.4 R;

(4) (a) shares held; or
   (b) shares underlying financial instruments within DTR 5.3.1R(1) to the extent that such financial instruments are held;
by a credit institution or investment firm provided that:

(i) the shares, or financial instruments, are held within the trading book of the credit institution or investment firm;

(ii) the voting rights attached to such shares do not exceed 5%; and

(iii) the voting rights attached to shares in, or related to financial instruments in, the trading book are not exercised or otherwise used to intervene in the management of the issuer.

(5) shares held by a collateral taker under a collateral transaction which involves the outright transfer of securities provided the collateral taker does not declare any intention of exercising (and does not exercise) the voting rights attaching to such shares.

(6) [deleted]

(7) shares acquired for stabilisation purposes in accordance with the Buy-back and Stabilisation Regulation, if the voting rights attached to those shares are not exercised or otherwise used to intervene in the management of the issuer.

[Note: articles 9(4), 9(5), 9(6), 9(6a), 10(c) and 13(4) of the TD]

5.1.4 References to a market maker are to a market maker which:

(a) (subject to (3) below) is authorised by its Home State under MiFID;

(b) does not intervene in the management of the issuer concerned; and

(c) does not exert any influence on the issuer to buy such shares or back the share price.

[Note: articles 9(5) and 9(6) of the TD]

(2) A market maker relying upon the exemption for shares or financial instruments within DTR 5.3.1R(1) held by it in that capacity must notify the competent authority of the Home Member State of the issuer, at the latest within the time limit provided for by DTR 5.8.3 R, that it conducts or intends to conduct market making activities on a particular issuer (and shall equally make such a notification if it ceases such activity).

[Note: article 6(1) of the TD implementing Directive]

(3) References to a market maker also include a third country investment firm and a credit institution when acting as a market maker and which, in relation to that activity, is subject to regulatory supervision under the laws of an EEA State.

Aggregation of holdings

Recital 2
The thresholds for the market making and trading book exemptions should be calculated by aggregating voting rights relating to shares with voting rights related to financial instruments (that is entitlements to acquire shares and financial instruments considered to be economically equivalent to shares) in order to ensure consistent application of the principle of aggregation of all holdings of financial instruments subject to notification requirements and to prevent a misleading representation of how many financial instruments related to an issuer are held by an entity benefiting from those exemptions.

Article 2
Aggregation of holdings
For the purpose of calculation of the 5% threshold referred to in Article 9(5) and (6) of Directive 2004/109/EC, holdings under Articles 9, 10 and 13 of that Directive shall be aggregated.

Aggregation of holdings in the case of a group

Recital 3
In order to provide an adequate level of transparency in the case of a group of companies, and to take into account the fact that, where a parent undertaking has control over its subsidiaries, it may influence their management, the thresholds should be calculated at group level. Therefore all holdings owned by a parent undertaking of a credit institution or investment firm and subsidiary companies should be disclosed when the total sum of the holdings reaches the notification threshold.

Article 3
Aggregation of holdings in the case of a group
For the purpose of calculation of the 5% threshold referred to in Article 9(5) and (6) of Directive 2004/109/EC in the case of a group of companies, holdings shall be aggregated at group level according to the principle laid down in Article 10(e) of that Directive.

Certain voting rights to be disregarded (except at 5% 10% and higher thresholds)
(1) The following are to be disregarded for the purposes of determining whether a person has a notification obligation in accordance with the thresholds in DTR 5.1.2 R except at the thresholds of 5% and 10% and above:

(a) voting rights attaching to shares forming part of property belonging to another which that person lawfully manages under an agreement in, or evidenced in, writing;

(b) voting rights attaching to shares which may be exercisable by a person in his capacity as the operator of:

(i) an authorised unit trust scheme;

(ii) an authorised contractual scheme;
(ii) a recognised scheme; or
(iii) a UCITS scheme;
(c) voting rights attaching to shares which may be exercisable by an ICVC.
(d) [deleted]

(2) For the purposes of DTR 5.1.5 R (1)(a), a person (*A*) may lawfully manage investments belonging to another if:

(a) *A* can manage those investments in accordance with a Part 4A permission;
(b) *A* is an EEA firm other than one mentioned in sub-paragraphs (c) or (e) of paragraph 5 of Schedule 3 to the Act and can manage those investments in accordance with its EEA authorisation;
(c) *A* can, in accordance with section 327 of the Act, manage those investments without contravening the prohibition contained in section 19 of the Act;
(d) *A* can lawfully manage those investments in another EEA State and would, if he were to manage those investments in the UK, require a Part 4A permission; or
(e) *A* can lawfully manage those investments in a non-EEA State and would, if he were to manage those investments in the UK, require a Part 4A permission.