

Chapter 11

Controllers and close links



11.4 Requirements on firms

11.4.1 **G** A summary of the notification requirements in this section is given in **■ SUP 11 Annex 1**.

Requirement to notify a change in control

11.4.2 **R** A *UK domestic firm*, other than a *non-directive firm*, must notify the *appropriate regulator* of any of the following events concerning the *firm*:

- (1) a *person* acquiring *control*;
- (2) an existing *controller* increasing *control*;
- (3) an existing *controller* reducing *control*;
- (4) an existing *controller* ceasing to have *control*.

11.4.2A **R** A *non-directive firm* (including, in the case of an *FCA-authorised person*, a *firm* with only a *limited permission*) must notify the *appropriate regulator* of any of the following events concerning the *firm*:

- (1) a *person* becoming *controller* of the *firm*; or
- (2) an existing *controller* ceasing to be *controller* of the *firm*.

11.4.3 **G** [deleted]

11.4.4 **R** An *overseas firm* must notify the *appropriate regulator* if a *person* becomes a *controller* of the *firm*, increases or reduces *control* over the *firm* or ceases to have *control* over the *firm*

11.4.5 **G** [deleted]

Content and timing of the notification

11.4.7 **R** The notification by a *firm* under **■ SUP 11.4.2 R**, **■ SUP 11.4.2A R** or **■ SUP 11.4.4 R** must:

- (1) be in writing;
- (2) contain the information set out in:

- (a) in the case of acquiring or increasing *control*, ■ SUP 11.5.1 R (subject to ■ SUP 11.5); or
- (b) in the case of reducing *control*, ■ SUP 11.5.7 R; and
- (3) be made:
 - (a) as soon as the *firm* becomes aware that a *person* , whether alone or acting in concert, has decided to acquire *control* or to increase or reduce *control*; or
 - (b) if the change in *control* takes place without the knowledge of the *firm*, within 14 *days* of the *firm* becoming aware of the change in *control* concerned.

11.4.8 G *Principle 11* requires *firms* to be open and cooperative with the *appropriate regulator*. A *firm* should discuss with the *appropriate regulator*, at the earliest opportunity, any prospective changes of which it is aware, in a *controller's* or proposed *controller's* shareholdings or *voting power* (if the change is material). These discussions may take place before the formal notification requirement in ■ SUP 11.4.2 R or ■ SUP 11.4.4 R arises. (See also ■ SUP 11.3.2 G). As a minimum, the *appropriate regulator* considers that such discussions should take place before a *person*:

- (1) enters into any formal agreement in respect of the purchase of shares or a proposed acquisition or merger which would result in a change in *control* (whether or not the agreement is conditional upon any matter, including the *appropriate regulator's* approval); or
- (2) purchases any *share options*, *warrants* or other financial instruments, the exercise of which would result in the *person* acquiring *control* or any other change in *control*.

11.4.9 G The obligations in ■ SUP 11.4.2 R and ■ SUP 11.4.2A R apply whether or not the *controller* himself has given or intends to give a notification, in accordance with his obligations under the *Act*.

Identity of controllers.....

11.4.10 R A *firm* must take reasonable steps to keep itself informed about the identity of its *controllers*.

11.4.11 G The steps that the *appropriate regulator* expects a *firm* to take to comply with ■ SUP 11.4.10 R include, if applicable:

- (1) monitoring its register of shareholders (or equivalent);
- (2) monitoring notifications to the *firm* in accordance with Part 22 of the Companies Act 2006;

- (3) monitoring public announcements made under the relevant disclosure provisions of the *Takeover Code* or other rules made by the *Takeover Panel*;
- (4) monitoring the entitlement of delegates, or *persons* with voting rights in respect of group insurance contracts, to exercise or control *voting power* at general meetings.