

UKLA Technical Note

Shareholder obligations

Ref: UKLA / TN / 543.12 Guidance Consultation

DTR 5.3;
DTR 5.7;
DTR 5.8.3R;
DTR 5.8.4R;
DTR 5.9;
DTR 5.10

Notifiable interests

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 holdings of financial instruments; falling within DTR 5.3.1R(1), or
- a change in the issuer's total voting rights;

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 reaches, exceeds or falls below a notifiable threshold.

Financial instruments falling within DTR 5.3.1R(1)

Persons who are not exempt must also notify the issuer and us of their direct or indirect holdings in of financial instruments falling within DTR 5.3.1R(1) if the percentage of the person's voting rights reaches, exceeds or breaches 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 underlying issuer (DTR 5.3.43R). ~~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 netted with offset against short positions relating to the same underlying issuer held by investors.~~

Indirect shareholders:

Indirect shareholders are entitled to acquire, dispose of, or exercise voting rights on behalf of a third party (or other cases outlined in DTR 5.2.1R) and who may be able to control the manner in which voting rights are exercised. This may be through shares or financial instruments falling within DTR 5.3.1R(1). 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.

Combined holdings:

Where shareholders have combined holdings (e.g. direct and indirect holdings under financial instruments falling within DTR 5.3.1R(1)), 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 (e.g. 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~~ that the person holds as a shareholder, and as the direct or indirect holder of financial instruments falling within DTR 5.3.1R(1);
- the voting rights held as a direct or indirect shareholder; and
- the voting rights of all direct and indirect holdings of financial instruments falling within DTR 5.3.1R(1).

Persons required to make notifications to issuers may appoint another person to make a notification on their behalf. A single notification may also be made where two or more persons are required to notify an issuer.

An undertaking is not required to make a notification if ~~instead~~ it is instead made by its (or the ultimate) parent undertaking.

Notification deadlines

This table outlines the ongoing disclosure provisions for shareholders.

Notification of change in	Deadline	Details
UK issuer	Within two trading days after the date the shareholder learns or is told about a change in their holdings	Inform the issuer and us of a change in holdings:
Non-EEA <u>UK</u> 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 issuer is not deemed equivalent, they should comply with the Transparency Directive minimum.

Where the shareholder is party to or instructed a transaction, he will be deemed to have learned 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 learned of the transaction only when the relevant approvals are obtained or the event happens.

Filing notifications

Shareholders are required to file major shareholding disclosures with us in an electronic format using the TR-1 form (DTR 5.8.10R). All parts of the form, including the Annex containing specific investor contact information, should be filed with us using electronic means (DTR 5.9 and DTR 5.10.1R). As set out in ~~the notes xxiii in the form~~ the notes xxiii in the form TR-1 form, the Annex is only to be filed with the competent authority. This means that shareholders are not required to send the Annex to

the relevant issuer and; additionally, issuers should ensure that this contact information is not disseminated to the market. More information about how to file the TR-1 form and electronic versions of the form are available on our website.

While, in the main, issuers are required to disseminate major shareholding notifications to the market, we have not mandated the format in which issuers must submit these notifications to a Regulatory Information Service (RIS). Therefore, the options available to an issuer upon receipt of a major shareholding notification include:

- forward the TR-1 form to a RIS. ~~This should not include (without the Annex), and~~
- forward the information on an electronic version of the TR-1 form ~~(without the Annex), possibly obtained from their chosen RIS provider; and~~
- make the announcement in a free-text format.

~~Market Maker notification form (TR-2):~~ Under DTR 5.1.4R (2), a market maker relying on an exemption for shares held by it, in that capacity, must notify the competent authority. Market makers have been able to notify us by email. However, in line with the EU Commission's objective of standardising notification forms, we encourage market makers to use the Market Maker notification form (TR-2), which is available on our website. ~~form TR-2:~~ Market participants have also suggested that a standard form for such notifications be available to the market. Notifications to us should be made in either of the following cases:

- when a market maker intends to conduct market making activities in relation to an issuer; and
- when a market maker intends to cease market making activities in relation to an issuer. ~~Form TR-2 is available on our website:~~

Procedures for the notification and disclosure of major holdings

Proxies:

DTR 5.8.4R sets out the requirements for shareholders and proxy holders for the notification of proxy holdings. The effect of the rule is that when a proxy is granted (entitling a proxy holder to decide with discretion how the votes are cast), the proxy holder will be required to disclose his total holdings at the proxy deadline (or as soon as is 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.

We show below how some of the boxes for the TR-1 Fform should be filled in by the proxy holder. ~~(W (we have not included all the boxes from the form as many of these should be self-explanatory). Please note the most up-to-date version of form TR-1 is the one available on our website:~~

- ~~b~~Box 3: pProxy holder's name;
- ~~b~~Box 4: nName(s) of proxy giver(s) (if over the notifiable threshold);

- **Box 7:** Total percentage voting rights held by proxy holder. This includes the proxy holder's direct holdings plus those given by the proxy giver(s);
- **Box A:** Detailed breakdown of voting rights held;
- **Box 11:** Total percentage of voting rights that will be returned to proxy givers on date proxy holder will cease to hold voting rights; and
- **Box 13:** Name of individual proxy givers and percentage of voting rights that will be returned.

Please note, the most up-to-date version of the TR-1 form is the one available on our website.

3. Full name of person(s) subject to the notification obligation:-	Sherlock Broughton (proxy holder)
4. Full name of shareholder(s) (if different from 3:-)	Georgina Davies Hugh Aspenden
7. Threshold(s) that is/are crossed or reached:	16%

A: Voting rights attached to shares

Class/type of shares (if possible using the ISIN CODE)	Situation previous to the triggering transaction		Resulting situation after the triggering transaction ^{vi}				
	Number of shares	Number of voting rights ^{viii}	Number of shares	Number of voting rights ^{six}		% of voting rights	
				Direct	Direct ^x	Indirect ^{ix}	Direct
xxxx	650	650	2600	650	1950	4	12

Proxy voting:

10. Name of the proxy holder:	Sherlock Broughon
11. Number of voting rights proxy holder will cease to hold:	1,950 (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 Georgina Davies 3% will return to Hugh Aspenden