

UKLA Technical Note

Aggregation of holdings

Ref: UKLA / TN / 551.2

DTR 5

Direct or indirect holder of shares with holdings of financial instruments falling within DTR 5.3.1R(1)

Where a person is either a direct or indirect shareholder (as defined for the purposes of DTR 5), and also directly or indirectly holds financial instruments which fall within DTR 5.3.1R(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%, 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 shares and a 1% holding of financial instruments falling within DTR 5.3.1R(1). In this case, there is no requirement to disclose as total holdings are below 3%.
- The shareholder increases holdings of financial instruments falling within DTR 5.3.1R(1) to 1.5% (a 0.5% increase), but the value of direct or indirect holdings of shares 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 shares and a 2% holding of financial instruments falling within DTR 5.3.1R(1). 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 shares and a 2% holding of financial instruments falling within DTR 5.3.1R(1). 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 financial instruments falling within DTR 5.3.1R(1) to 1.5% (a 0.5% decrease), but the value of direct or indirect holdings of shares 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 shares and financial instruments

	Direct or indirect holding of shares under 5.1.2 or 5.2.1	Holding of financial instruments 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 has fallen below 3%, a disclosure of new positions required

Change in composition of holdings

When the total holding of shares and financial instruments falling within DTR 5.3.1R(1) remains the same, but the respective size of these two components changes, a notification to the issuer and a further disclosure may be required (see DTR 5.7.1R). 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 shares and financial instruments falling within DTR 5.3.1R(1) remains the same in aggregate. However, the size of the two components changes, so a further disclosure is required.

This example is summarised in the table below:

Holdings of shares and financial instruments falling within DTR 5.3.1R(1): changes in composition

	Holding of shares 5.1.2 or 5.2.1	Holding of financial instruments under 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 shares and 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

Voting rights relating to financial instruments within DTR 5.3.1R(1) that have already been notified in accordance with DTR 5.1.2R must be notified again when the person has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same issuer reaching or exceeding the thresholds laid down by DTR 5.1.2R.