

Please note: a revised version of this Technical Note is being consulted on [here](#) to reflect amendments made to the DTRs to implement the Transparency Directive Amending Directive 2013/50/EU which come into force on 26 November 2015

UKLA Technical Note

Trading book exemption

Ref: UKLA / TN / 550.1

DTR 5

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, or shares underlying financial instruments held, in the trading book, are not exercised or otherwise used to intervene in the management of an 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% and the non-exempted interest of 6% has already been disclosed.
- The trading book holding then 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% Change in holding +1% Total holding 5%	Original holding 0% Change in holding 0% Total holding 0%	No disclosure required as trading book holding does not exceed 5%.
Example B	4%	6%	6% – exempted holding need not be disclosed.
	Original holding 4% Change in holding +1% Total holding 5%	Original holding 6% Change in holding 0% Total holding 6 %	No disclosure required – exempted holding need not be disclosed. The 6% holding has already been disclosed.
	Holding 5% Change in holding +1% Total holding 6%	Holding 6% Change in holding 0% Total holding 6%	12% – once the exempted holdings have breached 5% a disclosure is required of the new aggregated total.