

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

### Indirect holdings

Ref: UKLA / TN / 551.1

DTR 5

#### Direct or indirect holder of voting rights with holdings of financial instruments

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 DTR5.3.1R, 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 voting rights and a 1% holding of financial instruments. In this case there is no requirement to disclose as total holdings are below 3%.
- The shareholder increases holdings of qualifying financial instruments to 1.5% (a 0.5% increase) but the value of direct or indirect holdings of voting rights 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 voting rights and a 2% holding of financial instruments. 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 voting rights and a 2% holding of financial instruments. 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 to 1.5% (a 0.5% decrease) but the value of direct or indirect holdings of voting rights 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 financial instruments

	<b>Direct or indirect holding of voting rights under 5.1.2 or 5.2.1</b>	<b>Holding of financial instrument under 5.3.1</b>	<b>Disclosure obligation</b>
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 is has fallen below 3%, a disclosure of new positions required.

## Change in composition of holdings:

When the total holding of voting rights and financial instruments 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 voting rights and financial instruments remain 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 financial instruments: changes in composition

	<b>Holding of voting rights under 5.1.2 or 5.2.1</b>	<b>Holding of financial instrument under 5.3.1</b>	<b>Disclosure obligation</b>
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 voting rights 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.