

## UKLA Technical Note

# Aggregation of managed holdings

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Ref: UKLA / TN / 547.2

DTR 5.4

### Aggregation of managed holdings

When the parent undertaking controls the voting rights of a controlled undertaking at its discretion, the parent undertaking must aggregate its holding with the controlled undertaking's holding.

### Management companies

Where the management company exercises its voting rights independently from the parent undertaking (including voting rights attached to the management company's holdings that the parent undertaking has invested in), that parent undertaking is not required to aggregate its holdings with the holdings managed by the management company.

### Investment firms

Similarly, where an investment firm (authorised under MiFID) exercises its voting rights independently from its parent undertaking (including voting rights attached to the investment firm's holdings that the parent undertaking has invested in), the parent undertaking is not required to aggregate its holdings with the holdings managed by the management company.

### Exemption from aggregation

A parent undertaking that wishes to be exempt from aggregating its holdings must notify us of the management companies and investment firms concerned (i.e. where issuers of the holdings have the UK as their home Member State) and confirm that, in each case, the parent undertaking complies with independence criteria outlined in DTR 5.4.3R.

Where the benefits of exemption from aggregating holdings only relate to financial instruments falling within DTR 5.3.1R(1), the parent undertaking (concerning the EEA State and third country undertakings) must notify us of the management companies and investment firms concerned.

## **Non-EEA State undertakings**

A parent of an undertaking whose registered office is in a non-EEA State (or head office within the Community in the case of an investment firm) is exempt from aggregating its holdings (in issuers whose home Member State is the UK).

Accordingly, the parent must notify us of a list of the management companies and investment firms in this category, along with a statement that, in each case, the parent undertaking complies with conditions of independence (in accordance with DTR 5.4.10R).

Any parent undertakings notifying us of their exemptions from aggregating holdings must also be able to demonstrate that the requirements of independence outlined in DTR 5.4.6R are respected. DTR 5.4.6R requires parent undertakings to demonstrate that organisational structures, mandates regarding the parent and management company or investment firm relationships, and written policies and procedures support independence, regarding the exercise of voting rights.