



## FRIENDS PROVIDENT

Friends Provident Life and Pensions Limited  
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Transparency Directive: Major Shareholdings Notification Consultation  
Capital Markets and Governance Team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

(rec. 13/6/05)

9<sup>th</sup> June 2005

Dear Sirs,

**Re: Transparency Directive: Consultation on implementation of the major shareholding notification provisions**

We are grateful for the opportunity to consider and comment on this Consultation Paper and our responses to the specific questions raised are noted below.

***Q1. Do you agree with the proposal that the principal obligation of disclosure should be changed for the current 'interest in shares' under the Companies Act 1985 to control of exercisable voting rights under the Directive?***

We are in agreement with the proposal.

The implementation of the major shareholding notification will affect ourselves as an issuer and an investee. As an issuer, under s198 – 212 of the Companies Act, shareholders with an interest of 3% or more are required to disclose their interest to us. As companies like ourselves have in issue Treasury shares which have no voting rights, it is more appropriate for major shareholders to disclose control of exercisable voting rights under the proposal.

We would seek confirmation of the threshold to be set as the proposal is silent on this point.

***Q2. Do you agree with the proposal to remove non-traded public limited companies from the scope of the disclosure regime?***

We are in agreement with this proposal.

***Q3. Do you agree with the proposal to give the FSA powers to make issuers admitted to trading on non-regulated markets in the UK (and those with qualifying holdings in those issuers), subject to the regime where appropriate for market transparency reasons?***

We have no comment to make on this point.



***Q4. Do you agree with the proposal to repeal the current criminal sanctions for breach of notification obligations and give the FSA powers to deal with breaches of notification obligations equivalent to those it has to deal with breaches of rules under FSMA?***

Yes we do agree. We have never found it necessary to resort to the current criminal sanctions permitted by the Act hence we are relaxed about the repeal of any such sanctions.

***Q5. Do you agree with the proposals to maintain the scope of the current Companies Act regime and give the FSA equivalent powers to require disclosures in respect of holdings of financial instruments?***

We are in agreement with the proposal. We feel it would be more beneficial to deal with one authority to supervise the disclosure regime rather than to deal with both the FSA and the DTI.

***Q6. Do you have any comments on the likely costs of implementation of the major shareholdings notifications provisions of the Directive?***

As the paper is silent on any threshold we are unable to comment on this point. However, as we are currently following the Companies Act provision and notify on that basis, implementation of a threshold over 3% should result in cost savings to companies.

***Q7. Do you have any comments on the impact on competition of implementation of the major shareholdings notification provisions of the Directive?***

We have no comment to make on this point.

***Q8. Do you have any comments on the impact on small business of implementation of the major shareholdings notification provisions of the Directive?***

This does not affect Friends Provident therefore we have no view to express.

We hope that our response will be helpful. Please do not hesitate to contact us if you require any further information.

Yours faithfully



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