

**Fidelity's response HM Treasury's consultation on implementation of major shareholding notification provisions**

**Appendix**

**Question 1 – Do you agree with the proposal that the principal obligation of disclosure should change from the current 'interest in shares' under the Companies Act 1985 to control of exercisable voting rights under the Directive?**

In our opinion the Directive places obligations of disclosure of major shareholdings upon the owners of shares to which voting rights are attached (Article 9) and, if different, those who control the voting rights (Article 10). The definition of 'interest in shares' under Part VI of the Companies Act 1985 is particularly complex and Fidelity has spent a lot of time and money in analysing its application to our own circumstances. We welcome any attempt to simplify it but we doubt that the terms of the Directive allow it to be reduced to a test of control of exercisable voting rights.

We make a large number of major shareholding notifications every day, averaging over 200 per month in aggregate across all EU member states (over half of these in the UK). For us, the most effective deregulation is that which ensures as much consistency in approach as possible across all EU member states and we urge the UK to adopt the definitions in the Directive for the purposes of establishing which legal and natural persons have ownership of shares and/or control of voting rights for major shareholder notification purposes.

We also note that the Panel on Takeovers and Mergers is currently consulting on disclosure issues and proposing a different approach for interests in shares.

**Question 2 - Do you agree with the proposal to remove non-traded public limited companies from the scope of the disclosure regime?**

Yes.

**Question 3 - 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?**

On balance we think that we would support this proposal but would welcome wider consultation with other users of non-regulated markets.

**Question 4 - 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.
<b>Question 5 - Do you agree with the proposal 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?</b>	
	No. For the reasons stated above we do not believe that there is any need for UK legislation to go beyond the Directive.
<b>Question 6 - Do you have any comments on the likely costs of implementation of the major shareholdings notification provisions of the Directive?</b>	
	Changes to systems and process are likely to be expensive for large fund management companies and other institutional investors who invest in shares and a diverse range of financial instruments across a large number of jurisdictions.
<b>Question 7 - Do you have any comments on the impact on competition of implementation of the major shareholdings notification provisions of the Directive?</b>	
	We believe that the Directive should be implemented consistently across Europe. Whilst London remains Europe's leading market for liquidity and shareholder rights we doubt that differences in the disclosure regime across Europe will have much impact but if the UK were to 'gold plate' this and other Directives then over time the UK runs the risk of becoming less competitive.
<b>Question 8 - Do you have any comments on the impact on small business of implementation of the major shareholdings notification provisions of the Directive?</b>	
	We do not believe that the proposals will have any impact on small businesses.