

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

ICAEW Comments

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

Yes, we believe that voting rights are the key issue.

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

Yes. We also note our response to section 4.17 of the DTI's Company Law Reform White Paper. Part 6 of the Companies Act 1985 provides, under Section 212 and related provisions, for certain companies to require disclosure of information about interests in their shares. The Government is considering whether or not these provisions should remain in legislation, and if so whether it should be possible for all companies with shares to use them. As mentioned in our response to the White Paper, we believe that these provisions should remain in legislation and should be made available to all companies.

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?

Yes.

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.

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?

Yes.

6. Do you have any comments on the likely costs of implementation of the major shareholdings notification provisions of the Directive?

No comment.

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

No comment.

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

No comment.

LC, 10.6.05