As we reported on 1 May 2009 the FSA is extending the scope of the existing disclosure regime in DTR 5 (notification of major shareholdings) from 1 June 2009.

If you currently hold warrants, convertible bonds or other financial instruments which have a similar economic effect to qualifying financial instruments* and those instruments, when aggregated with your holding in shares and/or other qualifying financial instruments,** would lead you to reach or exceed a disclosure threshold (ie 3% and each 1% thereafter up to 100%), then, when the new rules come into force on 1 June 2009, you will be required to disclose your new aggregated position to the issuer within two trading days on the revised Form TR-1.

For example if you hold 5% of voting rights by directly owning shares, 3% by virtue of holding qualifying instruments and 2% by virtue of holding CfDs, you will have to disclose a position of 10% with a detailed breakdown of the composition of your holding.

The denominator for calculating a percentage holding will still be the total number of voting rights as per the most recent DTR 5.6 disclosure by the issuer. As is currently the case the issuer must make the information public on receipt of a notification as soon as possible and in any event by no later than the end of the trading day following receipt of the notification. For companies on AIM, this information must be notified without delay (Guidance to Rule 17 of the AIM Rules for Companies).

The new elements of DTR 5 only apply to UK incorporated issuers whose shares are admitted to trading on a regulated market (the Main Market) or on a prescribed market (AIM) and whose home state is the UK. They do not apply to non-UK issuers.

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The FSA has published a useful list of FAQs in relation to the new disclosure regime for CfDs, available on their website at: http://www.fsa.gov.uk/pubs/ukla/disclosure.pdf.

*There is no set list of financial products that fall under the new rules. Instead the rules are drafted in a principles-based way to ensure that all financial products capable of having a similar economic effect to qualifying instruments are caught.

**Qualifying financial instruments are instruments that give a legal right to acquire (on the holder's own initiative alone) shares already in issue and with voting rights attached.

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