New provisions
DTR 5 and Part 22 CA 06

When in force
The notification obligations in s198 – 211 CA 85 were repealed on 20 January 2007 and replaced by DTR 5.
The majority of Part 22 came into force on 20 January 2007 and s212 – 220 CA 85 were repealed on that date.

Companies affected
DTR 5 applies to (i) UK and overseas companies whose home state is the UK and which have shares traded on a regulated market and (ii) UK companies with shares traded on a prescribed market (e.g. AIM). Non-EEA companies may benefit from an exemption if they are subject to equivalent requirements under their domestic legislation. To date the FSA has determined that the laws of the USA, Japan, Israel and Switzerland impose equivalent requirements.
Part 22 CA 06 applies to all public companies.

Summary of changes
- **Shareholder notifications**
The trigger for notification relates to control of voting rights, whether direct or indirect, and/or holdings, whether direct or indirect, of certain financial instruments which give the holder an unconditional right or a right exercisable in his sole discretion to acquire issued shares. This differs to the previous regime which applied to the acquisition or disposal of an “interest” in shares (as defined in CA 85).
An indirect holder of voting rights includes a proxy who has authority, in the absence of specific instructions, to exercise the votes at his discretion, other than only minor and residual discretion.
A notification obligation arises not only if a person acquires or disposes of voting rights, but also if the total voting rights in the issuer change such as to result in a relevant change in the percentage of voting rights a person holds.
The notification thresholds for UK issuers are the same as CA 85, being 3% and every subsequent 1%. Higher thresholds, derived from the Transparency Directive, apply to non-UK issuers.
Shareholders must make notifications in the prescribed form (available on the FSA website) to the issuer and, if the shares are traded on a regulated market, the FSA.
There is no requirement for a company to maintain a register of the interests notified to it. However, a company must announce notifications received by it and also, at the end of each month, any change in the total voting rights attaching to its shares so that shareholders can comply with the new regime.
- **Investigations**
Part 22 CA 06 largely restates the provisions of s212 – 220 CA 85. There is no material change to the definition of “interest in shares”. “s212 notices” are now “s793 notices”.
- **Directors’ interests in shares**

Implications for practice
Shareholders need to monitor companies’ announcements regarding total voting rights so that they can re-notify as necessary.
There will often be a notification obligation on the chairman of an AGM or EGM as the holder of proxy votes (see List! 14).
As a transitional measure, existing shareholders with a notifiable interest had to re-notify by 20 March 2007 and issuers must announce those notifications by 20 April 2007.

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This alert is not intended to provide legal advice, which should be sought on particular matters. If you want to know more, please contact your usual adviser at Slaughter and May.