

**MEMO# 18571**

February 22, 2005

## **DRAFT ICI COMMENT LETTER ON REPORTING MAJOR HOLDINGS OF EU SECURITIES**

URGENT/ACTION REQUESTED [18571] February 22, 2005 TO: INTERNATIONAL COMMITTEE No. 3-05 RE: DRAFT ICI COMMENT LETTER ON REPORTING MAJOR HOLDINGS OF EU SECURITIES Attached for your review is a draft comment letter to the Committee of European Securities Regulators (CESR) in response to its proposed advice to the European Commission on implementing the Transparency Directive. CESR provides its draft advice on issues related to reporting of major holdings of securities (including the exemption for asset management companies to disaggregate securities holdings). Comments are due to CESR by March 4, 2005. If you have any comments on the draft letter, please contact me at (202) 326-5810 or [jchoi@ici.org](mailto:jchoi@ici.org) by March 1, 2005. Generally, the Institute's draft letter, which focuses on notifications of major holdings, states that CESR has taken a careful and thoughtful approach to the implementing measures. The letter notes that the Institute is especially pleased with the advice on conditions for exempting parents of non-EU management companies and investment firms from the requirement to aggregate their holdings with those of their subsidiaries. In addition, the letter provides specific comments on the calendar of trading days, the circumstances under which shareholders should have learnt of the acquisition or disposal of shares, and the standard form for notifying major holdings. On the conditions of independence for the disaggregation exemption for parents of non- EU management companies and investment firms, the letter agrees with CESR's approach that the only conditions that need to be imposed are those relating to the links/internal relationships between the parent and the management company or investment firm. This approach is consistent with the Transparency Directive in that it is not based on an assessment of equivalence of third country frameworks of management companies and investment firms. The letter supports CESR's proposed advice that the parents of a management company or investment firm registered in a third country are not required to notify their aggregated 2 holdings with the holdings managed by their subsidiaries if they comply with the same basic conditions of independence as parents of EU management companies and investment firms. The letter also seeks a few clarifications on the text of the technical advice. Jennifer S. Choi Associate Counsel Attachment (in .pdf format)

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