

**MEMO# 11815**

April 14, 2000

# **INSTITUTE SEEKS RELIEF FROM UK SECURITIES OWNERSHIP REPORTING REQUIREMENTS**

[11815] April 14, 2000 TO: INTERNATIONAL COMMITTEE No. 13-00 RE: INSTITUTE SEEKS RELIEF FROM UK SECURITIES OWNERSHIP REPORTING REQUIREMENTS

\_\_\_\_\_ At the September 1999 International Committee meeting, we discussed seeking relief from the beneficial ownership disclosure requirements under UK law for members investing in UK securities. The UK reporting requirements are onerous for large US fund complexes because the threshold for reporting is low (3%) and interests of affiliates are aggregated. Although UK managers are subject to the same aggregation rules, they can take advantage of special provisions in the rules that provide a higher threshold of 10% for reporting by UK managers. It is our understanding that, under UK law, neither administrative guidance nor the exemptive process are available avenues for relief and a legislative change is likely to be necessary. Since last fall, we have explored the possibility of seeking appropriate legislative relief. In March, the Institute's General Counsel, Craig Tyle, met with the staff of the UK Department of Trade and Industry (DTI), which administers the law that imposes the securities ownership reporting obligations. At the meeting, UK authorities appeared to be responsive to the Institute's concerns regarding the reporting burden currently imposed on members and receptive to raising the threshold level for non-UK institutional money managers. As a follow-up to the meeting, the Institute recently submitted the attached letter in response to DTI's request for additional information to support raising the threshold for non-UK managers. The letter provides information on the number of reports that Institute members and their affiliates file in the UK, which highlights the disproportionate burden imposed by the UK rules. The letter requests that the threshold level for reporting securities ownership under UK law for non-UK money managers be increased to the same level applicable to UK money managers. Jennifer S. Choi Assistant Counsel Attachment