

**MEMO# 20720**

December 22, 2006

## **UK Financial Services Authority Grants Equal Treatment to U.S. Investment Advisers for Major Shareholding Notification**

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [20720] December 22, 2006 TO: INTERNATIONAL MEMBERS No. 34-06 INTERNATIONAL INVESTING SUBCOMMITTEE No. 24-06 RE: UK FINANCIAL SERVICES AUTHORITY GRANTS EQUAL TREATMENT TO U.S. INVESTMENT ADVISERS FOR MAJOR SHAREHOLDING NOTIFICATION We are pleased to report that the UK Financial Services Authority (FSA) has decided that U.S. investment advisers will be subject to the same major shareholding notification regime as EU investment managers when the UK implementation of the European Union's Transparency Directive (TD) comes into force on January 20, 2007. The decision was announced in the FSA publication List! on December 20, 2006.<sup>1</sup> In September 2006, the Institute filed a comment letter with the FSA in response to the FSA's consultation paper on implementing the TD.<sup>2</sup> The letter expressed our disappointment that the consultation's discussion of filing thresholds applicable to significant shareholdings in the UK did not appear to address the existing UK distinction between EU managers and non-EU managers for filing purposes. The FSA's revised regulations for implementation of the TD, published in late October 2006, partially addressed our concerns by granting the FSA discretionary authority to determine that non-EU managers should be subject to the same notification thresholds as EU managers.<sup>3</sup> The FSA subsequently decided to exercise its discretionary authority to grant equal treatment to U.S. investment managers and made their decision public earlier this week. 1 List! Issue No. 14 (Dec. 2006) at ¶¶3.10-3.11, available at [http://www.fsa.gov.uk/pubs/ukla/list\\_dec06.pdf](http://www.fsa.gov.uk/pubs/ukla/list_dec06.pdf). 2 See Memorandum No. 20416, dated Sept. 27, 2006. Our letter was also critical of the FSA's proposed two-tier system of notification thresholds based on the home state of the issuer—a 3% initial filing threshold with respect to issuers whose "home state" is the UK and 5% for other issuers. The final version of the UK regulations implementing the TD retained that two-tier system. Given the FSA's new position on U.S. investment advisers, however, any future improvements to the notification regime for EU managers will apply equally to U.S. investment advisers. 3 See PS 06/11, Implementation of the Transparency Directive, Feedback on CP 06/4 (Oct. 2006), available at [http://www.fsa.gov.uk/pubs/policy/ps06\\_11.pdf](http://www.fsa.gov.uk/pubs/policy/ps06_11.pdf). 2 If you have any questions about the application of the UK major shareholding notification regime to U.S. investment advisers, please contact me at 202.326.5837 or [gguymon@ici.org](mailto:gguymon@ici.org). Glen S. Guymon Assistant Counsel - International Affairs

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