

Status: Point in time view as at 06/02/2011.

Changes to legislation: Financial Services and Markets Act 2000, Cross Heading: Acquiring control and other changes of holding is up to date with all changes known to be in force on or before 22 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)



Financial Services and Markets Act 2000

2000 CHAPTER 8

PART XII

CONTROL OVER AUTHORISED PERSONS

[^{F1}Acquiring control and other changes of holding

Textual Amendments

- F1** Ss. 178-191G and cross-headings substituted (21.3.2009) for ss. 178-191 and cross-headings by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009 \(S.I. 2009/534\)](#), reg. 3, [Sch. 1](#) (with reg. 8)

^{X1}181 Acquiring control

- (1) For the purposes of this Part, a person (“A”) acquires control over a UK authorised person (“B”) if any of the cases in subsection (2) begin to apply.
- (2) The cases are where A holds—
- (a) 10% or more of the shares in B or in a parent undertaking of B (“P”);
 - (b) 10% or more of the voting power in B or P; or
 - (c) shares or voting power in B or P as a result of which A is able to exercise significant influence over the management of B.

Editorial Information

- X1** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

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^{x2}182 Increasing control

- (1) For the purposes of this Part, a person (“A”) increases control over a UK authorised person (“B”) whenever—
- (a) the percentage of shares which A holds in B or in a parent undertaking of B (“P”) increases by any of the steps mentioned in subsection (2);
 - (b) the percentage of voting power A holds in B or P increases by any of the steps mentioned in subsection (2); or
 - (c) A becomes a parent undertaking of B.
- (2) The steps are—
- (a) from less than 20% to 20% or more;
 - (b) from less than 30% to 30% or more;
 - (c) from less than 50% to 50% or more.

Editorial Information

X2 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

^{x3}183 Reducing or ceasing to have control

- (1) For the purposes of this Part, a person (“A”) reduces control over a UK authorised person (“B”) whenever—
- (a) the percentage of shares which A holds in B or in a parent undertaking of B (“P”) decreases by any of the steps mentioned in subsection (2);
 - (b) the percentage of voting power which A holds in B or P decreases by any of the steps mentioned in subsection (2); or
 - (c) A ceases to be a parent undertaking of B.
- (2) The steps are—
- (a) from 50% or more to less than 50%;
 - (b) from 30% or more to less than 30%;
 - (c) from 20% or more to less than 20%.
- (3) For the purposes of this Part, a person (“A”) ceases to have control over a UK authorised person (“B”) if A ceases to be in the position of holding—
- (a) 10% or more of the shares in B or in a parent undertaking of B (“P”);
 - (b) 10% or more of the voting power in B or P; or
 - (c) shares or voting power in B or P as a result of which A is able to exercise significant influence over the management of B.]

Editorial Information

X3 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

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^{x4}184 Disregarded holdings

- (1) For the purposes of sections 181 to 183, shares and voting power that a person holds in a UK authorised person (“B”) or in a parent undertaking of B (“P”) are disregarded in the following circumstances.
- (2) Shares held only for the purposes of clearing and settling within a short settlement cycle are disregarded.
- (3) Shares held by a custodian or its nominee in a custodian capacity are disregarded, provided that the custodian or nominee is only able to exercise voting power represented by the shares in accordance with instructions given in writing.
- (4) Shares representing no more than 5% of the total voting power in B or P held by an investment firm are disregarded, provided that it—
 - (a) holds the shares in the capacity of a market maker (as defined in article 4.1(8) of the markets in financial instruments directive);
 - (b) is authorised by its home state regulator under the markets in financial instruments directive; and
 - (c) neither intervenes in the management of B or P nor exerts any influence on B or P to buy the shares or back the share price.
- (5) Shares held by a credit institution or investment firm in its trading book are disregarded, provided that—
 - (a) the shares represent no more than 5% of the total voting power in B or P; and
 - (b) the credit institution or investment firm ensures that the voting power is not used to intervene in the management of B or P.
- (6) Shares held by a credit institution or an investment firm are disregarded, provided that—
 - (a) the shares are held as a result of performing the investment services and activities of—
 - (i) underwriting a share issue; or
 - (ii) placing shares on a firm commitment basis in accordance with Annex I, section A.6 of the markets in financial instruments directive; and
 - (b) the credit institution or investment firm—
 - (i) does not exercise voting power represented by the shares or otherwise intervene in the management of the issuer; and
 - (ii) retains the holding for a period of less than one year.
- (7) Where a management company (as defined in Article 1a.2 of the UCITS directive) and its parent undertaking both hold shares or voting power, each may disregard holdings of the other, provided that each exercises its voting power independently of the other.
- (8) But subsection (7) does not apply if the management company—
 - (a) manages holdings for its parent undertaking or an undertaking in respect of which the parent undertaking is a controller;
 - (b) has no discretion as to the exercise of the voting power attached to such holdings; and
 - (c) may only exercise the voting power in relation to such holdings under direct or indirect instruction from—
 - (i) the parent undertaking; or

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- (ii) an undertaking in respect of which of the parent undertaking is a controller.
- (9) Where an investment firm and its parent undertaking both hold shares or voting power, the parent undertaking may disregard holdings managed by the investment firm on a client by client basis and the investment firm may disregard holdings of the parent undertaking, provided that the investment firm—
- (a) has permission to provide portfolio management;
 - (b) exercises its voting power independently from the parent undertaking; and
 - (c) may only exercise the voting power under instructions given in writing, or has appropriate mechanisms in place for ensuring that individual portfolio management services are conducted independently of any other services.

Editorial Information

- X4** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

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