



Financial Services and Markets Act 2000

2000 CHAPTER 8

PART XXIX

INTERPRETATION

[^{F1}422A Disregarded holdings

- (1) For the purposes of section 422, shares and voting power that a person holds in an undertaking (“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 attached to 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 [^{F2}article 2.1.6 of the markets in financial instruments regulation]);
 - [^{F3}(b) has a Part 4A permission to carry on one or more investment services and activities;]
 - (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 [^{F4}qualifying 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) ^{F5}... the voting power is not used to intervene in the management of B or P.
- (6) Shares held by a [^{F6}qualifying credit institution] or an investment firm are disregarded, provided that—

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- (a) the shares are held as a result of performing the investment services and activities of—
 - (i) underwriting shares; or
 - (ii) placing shares on a firm commitment basis ^{F7}...; and
 - (b) the [^{F8}qualifying 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 [^{F9}section 237(2)]) 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—
- ^{F10}(a) manages holdings for its parent undertaking or a controlled undertaking of its parent undertaking;]
 - (b) has no discretion to exercise 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) its parent undertaking; or
 - ^{F11}(ii) a controlled undertaking of the parent undertaking.]
- (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.
- [Shares acquired for stabilisation purposes in accordance with [^{F13}the market abuse
- ^{F12}(9A) regulation and Commission Delegated Regulation (EU) No. 1052/2016 of 8 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and the Council with regard to the regulatory technical standards for conditions applicable to buy-back programmes and stabilisation measures] are disregarded, provided that the voting power attached to those shares is not exercised or otherwise used to intervene in the management of B or P.]
- ^{F14}(10) For the purposes of this section “qualifying credit institution” includes a credit institution which is authorised under the law of Gibraltar relied on immediately before IP completion day to implement the capital requirements directive.]
- [For the purposes of this section, an undertaking is a controlled undertaking of the
- ^{F15}(11) parent undertaking if it is controlled by the parent undertaking; and for this purpose the question of whether one undertaking controls another is to be determined in accordance with section 89J(4) and (5).]

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Textual Amendments

- F1** Ss. 422, 422A substituted (21.3.2009) for s. 422 by virtue of [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009](#) (S.I. 2009/534), reg. 7, **Sch. 3** (with reg. 8)
- F2** Words in s. 422A(4)(a) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(3), **88(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F3** S. 422A(4)(b) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(3), **88(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F4** Words in s. 422A(5) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(3), **88(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in s. 422A(5)(b) omitted (1.11.2015 for specified purposes, 31.5.2016 in so far as not already in force) by virtue of [The Transparency Regulations 2015](#) (S.I. 2015/1755), regs. 1(2)(4), **6(3)(a)**
- F6** Words in s. 422A(6) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(3), **88(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in s. 422A(6)(a)(ii) omitted (31.12.2020) by virtue of [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(3), **88(c)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F8** Words in s. 422A(6)(b) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(3), **88(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F9** Words in s. 422A(7) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(3), **88(d)**; 2020 c. 1, Sch. 5 para. 1(1)
- F10** S. 422A(8)(a) substituted (1.1.2014) by [The Capital Requirements Regulations 2013](#) (S.I. 2013/3115), reg. 1(2), **Sch. 2 para. 26(a)**
- F11** S. 422A(8)(c)(ii) substituted (1.1.2014) by [The Capital Requirements Regulations 2013](#) (S.I. 2013/3115), reg. 1(2), **Sch. 2 para. 26(b)**
- F12** S. 422A(9A) inserted (1.11.2015 for specified purposes, 31.5.2016 in so far as not already in force) by [The Transparency Regulations 2015](#) (S.I. 2015/1755), regs. 1(2)(4), **6(3)(b)**
- F13** Words in s. 422A(9A) substituted (23.3.2019) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/632), regs. 1(2)(d), **88(e)**
- F14** S. 422A(10) substituted (31.12.2020) by S.I. 2019/632, **reg. 88(f)** (as substituted by S.I. 2019/680, regs. 1(3), **9(5)** (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(d)(ii)**)); 2020 c. 1, **Sch. 5 para. 1(1)**
- F15** S. 422A(11) inserted (1.1.2014) by [The Capital Requirements Regulations 2013](#) (S.I. 2013/3115), reg. 1(2), **Sch. 2 para. 26(d)**

Changes to legislation:

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Changes and effects yet to be applied to :

- s. 422A(10) omitted by [S.I. 2019/632 reg. 88\(f\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 88(f) substituted immediately before IP completion day by [S.I. 2019/680](#), regs. 1(3), 9(5))

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 79\(4\)](#)
- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 81\(10\)](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Pt. 17 Ch. 3B inserted by [2023 c. 29 s. 64\(3\)](#)
- Pt. 20C inserted by [2016 c. 14 s. 30\(3\)](#)
- s. 31(1)(aa) inserted by [2021 c. 22 s. 22\(2\)](#)
- s. 32A inserted by [2021 c. 22 s. 22\(3\)](#)
- s. 32A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- s. 36A and cross-heading inserted by [2021 c. 22 s. 22\(4\)](#)
- s. 71J and cross-heading inserted by [2021 c. 22 Sch. 8 para. 4](#)
- s. 86(9A) inserted by [S.I. 2019/707 reg. 8\(9\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 8(6)-(10) omitted (6.9.2019) by virtue of [S.I. 2019/1234](#), regs. 1(2), 13(c))
- s. 87A(11) inserted by [S.I. 2019/707 reg. 10\(5\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 10(4)(5) omitted (6.9.2019) by virtue of [S.I. 2019/1234](#), regs. 1(2), 15(b))
- s. 124(10)(c)(i) word omitted by [S.I. 2019/310 reg. 5\(11\)\(b\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 5(11)(b) omitted immediately before IP completion day by virtue of [S.I. 2020/1385](#), regs. 1(4), 51(2)(e))
- s. 129(7)(a) word inserted by [S.I. 2019/310 reg. 5\(12\)\(a\)\(i\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of [S.I. 2020/1385](#), regs. 1(4), 51(2)(f))
- s. 129(7)(c) omitted and word by [S.I. 2019/310 reg. 5\(12\)\(a\)\(ii\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of [S.I. 2020/1385](#), regs. 1(4), 51(2)(f))
- s. 204A(3)(fa) inserted by [S.I. 2024/705 Sch. 2 para. 1](#)
- s. 214(5A) inserted by [2021 c. 22 Sch. 8 para. 8](#)
- s. 234I(9) inserted by [2024 c. 13 Sch. 29 para. 3\(2\)](#)
- s. 234J(6) inserted by [2024 c. 13 Sch. 29 para. 3\(3\)](#)
- s. 261E(A1) inserted by [2023 c. 29 s. 64\(2\)\(a\)](#)
- s. 367A inserted by [2021 c. 22 Sch. 8 para. 10](#)
- s. 395(13)(h)(i) inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(c\)](#)
- s. 395(13)(bc)-(be) word inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(b\)](#)
- s. 395(14) inserted by [2021 c. 22 Sch. 8 para. 12\(3\)](#)
- s. 427A(3) words substituted by [2002 c. 40 Sch. 17 para. 59](#) (This amendment not applied to [legislation.gov.uk](#). The Financial Services and Markets Act 2000 does not contain a section 427A.)
- Sch. 1ZA para. 32(c) and word inserted by [2021 c. 22 Sch. 8 para. 18](#)
- Sch. 2A para. 19(2)(b)(iia) inserted by [2023 c. 29 Sch. 10 para. 19\(a\)](#)
- Sch. 2A2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 2A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)

- Sch. 2B inserted by [2021 c. 22 Sch. 7](#)
- Sch. 2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 11A para. 5(3) inserted by [S.I. 2019/707 reg. 38\(5\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 38(2)-(5)(7)(8) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 20)
- Sch. 17A para. 12 words substituted by [S.I. 2019/662 reg. 13\(1\)](#) (This amendment not applied to legislation.gov.uk. Reg. 13(1) substituted (25.6.2020) by S.I. 2020/646, regs. 1(2)(c), 11(3))