Market Abuse Directive - Call for Evidence Review of Directive 2003/6/EC on insider dealing and market manipulation

Joint Response of the Company Law Committee of the City of London Law Society and the Law Society's Standing Committee on Company Law (the "Committees")

The City of London Law Society (CLLS) represents over 13,000 City lawyers through individual and corporate membership including some of the largest international law firms in the world. These law firms advise a variety of clients from multinational companies and financial institutions to Government departments, often in relation to complex, multi-jurisdictional legal issues.

The Law Society is the representative body for over 100,000 solicitors in England and Wales. The Society negotiates on behalf of the profession and lobbies regulators, governments and others.

The Committees welcome the Commission's review of the Market Abuse Directive and this opportunity to present its views in response to the call for evidence.

We believe reform and revision of the MAD regime is required in a number of respects:

- the policy objectives of MAD will be met more effectively if different definitions of "inside information" are adopted for the insider dealing prohibition and the issuer disclosure obligations of "inside information";

- the definition for the purposes of the prohibition of insider dealing should involve a simple test of price sensitivity, i.e., it would not include a "reasonable investor" test or a requirement that future events or circumstances be "reasonably expected";

- the definition of "inside information" for the purposes of the issuer disclosure obligation should be retained as it is;

- the circumstances in which an issuer may delay disclosure of inside information should be clarified; specifically:

  (a) the condition that delay should not mislead the public should be dropped; and

  (b) the ability to delay disclosure if necessary to preserve continued viability of the issuer should be clarified[;

  (c) issuers should be permitted to delay disclosure while verifying the facts in order to avoid a premature misleading disclosure].

- it should be made clear that transaction reporting by managers and their closely associated persons should not require the reporting of pledges over shares.

2.1.1 Question: Do you consider that the scope of the MAD should go beyond regulated markets? In particular, should it be extended to cover MTFs?

- We do not express any view on this question.

2.1.2 Questions: Do you agree with an alignment of the MAD definition of financial instrument to the definition for the same concept provided for in MiFID? Do you think it could be useful to explain in more detail in the MAD what is meant by a financial instrument "whose value depends on another financial instrument" or to list asset classes, such as CFDs and CDS, which belong to this category?

- On balance, we think that alignment would be helpful, even if the practical effect is very limited.

2.1.3 Question: Do you see a need for introduction of a market abuse framework for physical markets?

- We do not express any view on this question.

2.2.1 Question: Do you share this view as far as insider dealing prohibition is concerned? (see also next point for disclosure of inside information). If not, which concepts would you advise to modify and how?

We believe that the current definition of "inside information" has two major flaws when considered in the context of the insider dealing prohibition:

(i) we think the "reasonable investor test"[1] is unhelpful; and

(ii) as regards future circumstances or events, we think the requirement that there be a "reasonable expectation" of the event occurring may allow insiders to profit through dealing from their possession of that information[2].

For the reasons discussed in more detail below in response to question 2.2.2, we think different definitions should apply for the purposes of insider dealing and for the issuer disclosure obligations. While both of these conditions referred to in (i) and (ii) above are important in order to put reasonable bounds on the issuer disclosure obligation, neither is helpful for the purposes of the prohibition on insider dealing. For that purpose, we suggest the test should depend only on the likely effect of making the information public on the price of the securities affected.

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[1] Art 1(2) of the Commission Directive 2003/124/EC implementing MAD (the "**Implementing Directive**").

[2] Art 1(1) of the Implementing Directive.

The reasonable investor test

The meaning of the "reasonable investor" test, and its relationship to the definitional requirement in MAD ("Inside information", shall mean information .... which, if it were made public, would be likely to have a significant effect on the prices of [the affected] financial instruments"[3] - which we refer to as the "price effect" test) is unclear.[4] We understand that the effect of MAD and the Implementing Directive is to require that for information to be inside information both of the price effect test and the reasonable investor test must be satisfied cumulatively. That is how MAD has been implemented in the UK: Section 118C(2)(c) of the Financial Services and Markets Act 2000 ("**FSMA**") requires the information to meet the price effect test and Section 118C(6) FSMA imposes an additional condition, the reasonable investor test[5]. If the "reasonable investor" test is a different test (and not another way of expressing the "price effect" test), it seems to call for an analysis of the materiality of the information to the "underlying" or "fundamental" valuation of the issuer. It is similar to the approach taken when assessing what information should be included in a prospectus. Importantly, it does not take into account the "irrationality" of the market (where sentiment may be more important than detailed analysis).

The policy objective of the prohibition of market abuse is to maintain the integrity of the market by ensuring that participants in the market do not take advantage of knowledge that other participants do not have. Insiders "take advantage" of information if that information, when generally available, would have a significant effect on the market price of the securities, regardless of whether that effect is justified on the basis of an objective analysis of the issuer of the affected securities and the effect of the information on what may be called its "underlying" or "fundamental" value. If this analysis is accepted, the “reasonable investor” test can only serve to provide a defence to the insider who deals in the affected securities.

This single test is simple to express, although it may not be easy to apply in practice. However, we believe that in many cases the ex-post evidence of the effect on the price of the affected security when the information becomes public will be persuasive evidence of the quality of the information at the time the dealing took place.

The "reasonable expectation" requirement

Article 1(1) of the Implementing Directive deals with future events, and requires that in order to be inside information, information about future circumstances or a future event is only inside information if those circumstances or that event "may reasonably be expected" to come into

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[3] MAD, Article 1(1).

[4] See the discussion in *Fyffes Plc v DCC Plc & Ors [2007] IESC 36* (a case in the Supreme Court of Ireland).

[5] But note in its decision relating to Woolworths Group plc (Final Notice dated 11 June 2008), the FSA appears to have adopted the reasonable investor test in place of the price effect test.

existence or occur. Although we note that the CESR guidance[6] requires that where a process occurs in stages each stage must be considered and could be regarded as sufficiently precise, the inclusion of the reasonable expectation requirement significantly narrows the scope of the insider dealing prohibition. If an insider is aware of a possible future development (circumstances or an event), and it is clear that making public that possibility (however remote) would be likely to have a significant effect on the price of relevant securities, is it right that the insider should be allowed to deal in the affected securities? To allow dealing in these circumstances may enable the insider to profit from the information in his possession. The test of likely market reaction (the price effect test) properly applied should be sufficient to ensure that future circumstances or events that are too remote would not give rise to inside information as the remoteness of the possibility would be expected to reduce the likely effect on the price through making the information public.

Question: Do you support an alignment of the inside information definition for commodity derivatives with the general definition of the directive?

- We do not express a view on this question.

2.2.2 Question: Do you consider that any changes to the definition of inside information for disclosure purposes is necessary?

We agree with the conclusion reached by ESME that adopting a single definition of inside information for both insider dealing and issuer disclosure obligations has led to inconsistencies and a lack of harmonisation in implementation of MAD. We would express the position more strongly: in our view the single definition will either lead to a considerable narrowing of the scope of the insider dealing prohibition or it will impose an unreasonably burdensome obligation on issuers to make premature announcements that have a tendency to mislead and not to inform the investing public.

We have identified above two elements of the current single definition of inside information that narrow the scope of the prohibition and potentially allow insiders to profit from their access to the information (the "reasonable investor" test and the requirement of Article 1(1) of the Implementing Directive that future events be reasonably expected). These elements of the definition are, in our view, essential for the issuer disclosure obligation. The capital market would not benefit from premature announcements of possible developments but on the contrary (as ESME pointed out) such announcements would be likely to mislead.

We suggest that both these elements of the definition be retained for the purposes of the issuer disclosure obligation.

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[6] CESR - Market Abuse Directive - second set of guidance and information on the common operation of the Directive to the Market CESR/06-562b.

Question: Do you agree that the described deficiencies of the deferred disclosure mechanism need to be addressed, possibly by way of amendments to the MAD framework? Do you consider that Level 3 guidance could be sufficient?

We agree that the described deficiencies need to be addressed. As noted by ESME, the principal problem is with the requirement that the delay should not mislead the public. We agree with ESME's analysis. The requirement is essentially circular: it is not possible to know whether a delay misleads the public without knowing whether the public are entitled to assume that no information exists, the announcement of which has been delayed.

We also agree with ESME that the preferred change would be to MAD at Level 1, with the deletion of the requirement. We would be in favour of deletion and not modification. We think regulators have sufficient enforcement tools to impose sanctions on issuers whose reason for delay is not bona fide in order to avoid a prejudice to the issuer.

If the solution of a Level 1 amendment is not practical we would be in favour of Level 3 guidance. To be useful, that guidance would have to be clear about the intended scope of the ability to delay; as we see it, delay should be allowed if disclosure would cause damage to the interests of the issuer (and all its stakeholders, including employees, customers, suppliers, creditors and, importantly long term shareholders). Delay should only be regarded as misleading if the circumstances that have arisen cause express statements and forecasts made by the issuer to be untrue and those new circumstances arise in close proximity to the time the original statements were made.

Delay for the purposes of verification

We would also like to raise the possibility of expanding the issuer's ability to delay disclosure of information where that is necessary in order to clarify the position or verify information that is required in order to make a disclosure that is useful for investors and not misleading. It is very often the case that information about an unexpected event is received by the senior management in a disorganised and often incomplete form. For example, first reports indicate that a natural disaster may have affected a major facility but communications are affected and information is incomplete. It may take some time to assess the impact on the issuer's business, the time it will take to recover and the likely cost. An announcement without at least a reasonable estimate of the effect is unlikely to be useful and may be misleading. Currently, the ability to delay depends on the risk of prejudice to the issuer and we suggest a debate is needed on whether there should be an additional right to delay (for a limited period) for verification purposes, and the protections needed to ensure that ability is not abused.

Do you agree that the issuer may be exempted from disclosing inside information in situations when that information concerns emergency measures being prepared in case the issuer's financial stability is endangered?

We agree that it should be clear that the issuer can delay disclosure to allow emergency measures to be implemented. We think the wider policy concerns to avoid bankruptcies of viable businesses outweigh the interests of investors. We note that this principle, and these policy concerns, apply to financial institutions whose failure could have a systemic effect. They

also apply, with equal force to those directly affected by a bankruptcy of any other kind of business that could have been avoided had there been a delay.

We enclose a copy of a submission made by the CLLS Company Law Committee to the FSA in relation to its consultation on Disclosure of Liquidity Support[7], which addressed these issues.

What are other deficiencies in this area that raise major interpretation / application difficulties? What is the best way to address them?

- We have not identified any other deficiencies.

2.2.2.2 Question: Do you agree with this approach? Can you identify cases where a modification or deletion of the obligation may be undesirable for market integrity?

- We do not express a view on this question

2.2.3 Question: Would you support this approach? (i.e.: "This matter has been recently brought to the attention of the European Court of Justice (ECJ), in the context of a preliminary ruling requested by a court in Belgium. At this stage, there is merit in considering the ECJ preliminary ruling before the services of the European Commission envisage measures that would seek to clarify this apparent divergence")

- We agree with the approach of waiting for the preliminary ruling.

2.2.4.1 ***Question: Do you consider that the obligations to draw up lists of insiders are proportionate?.***

We are not aware that the requirement to draw up insider lists presents major issues in practice, although we are not convinced that the cost burden for issuers in maintaining them is justified by the regulatory benefits obtained.

The third set of Level 3 guidance published on 15 May 2009[8] was generally helpful in this area. There is one specific point on which it would be helpful to have clarification (possibly in Level 3 guidance). This is on the meaning of access to inside information. This could mean either:

- that the person concerned was able to obtain the information; or
- that the person concerned had in fact obtained the information.

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[7] FSA CP08/13.

[8] Ref CESR/09-220.

The guidance referred to above implies that the second of these meanings is correct. If the first meaning is adopted, the insider list is likely to include the names of a large number of people within an organisation who have no involvement with the project that is price sensitive (for example, IT support staff), which would reduce its usefulness for regulatory purposes. It would be helpful if the position could be clarified.

2.2.4.2 ***Question: Do you see a need for a regulatory action in the above areas? Would you suggest further improvements?***

We recognise the benefits of transparency in reporting of transactions by PDMRs and their connected persons and generally in the UK we believe the requirements are complied with without imposing undue burdens. There is merit in the de minimis threshold, with aggregated reporting once the threshold is crossed, but we do not have the benefit of a threshold in the UK and express no view on what level would be appropriate.

However, there is one issue in relation to the Article 6(4) obligations that has recently arisen in the UK, where it appears that member states adopt different approaches. This is the question whether pledges created by a PDMR require disclosure. The FSA has recently clarified its view that pledges should be disclosed[9]. We seriously question whether investors are provided with any useful information by requiring such disclosure and we think it would be helpful if it could be made clear (potentially through Level 3 guidance) that disclosure of pledges is not required. We have set out a more detailed analysis of this issue in the Appendix to this response.

2.2.5 It may be necessary to amend the MAD and/or the e-privacy Directive, in order to remove any uncertainties on the rights of the competent authorities to require this data. Article 12(2)(d) of Directive 2003/6/EC could clearly state that the power of competent authorities to require existing telephone and data traffic records in the course of their proceedings against market abuse are not limited by confidentiality restraints or other limitations on entities possessing such records that may stem from the e-privacy Directive.

Question: Do you consider that an amendment of the MAD is necessary?

- We do not express a view on this question.

2.3.3 ***Question: Do you consider that the safe harbours for buy -back programmes and stabilisation activities should be revisited? Do you think that greater convergence is desirable in the application of the Regulation 2273/2003? What would be the most appropriate way forward in this respect?***

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9 See FSA Statement 9 January 2009.

We note that in the UK issuers do not generally rely on the safe harbour for buy back programmes and it is important to maintain the position that non-compliance with the safe harbour does not automatically lead to the behaviour being regarded as abusive.

2.3.1 and 2.3.2 omitted

2.3.4 Do you see a need for a comprehensive framework for short selling? If so, should it be addressed in the Market Abuse Directive? What issues should such a regime cover?

Should short sellers be required to report positions to competent authorities? Under which conditions should naked short selling be allowed? Should competent authorities be able to take emergency measures (e.g. temporary bans on short selling or on naked short selling) within prescribed limits when they need to address specific market risks and disruptions?

Is there a need to enhance risk management by financial intermediaries and banks? Should investment firms and banks be required to have necessary arrangements in place to ensure timely delivery of financial instruments traded on own account or in the context of execution of clients' orders?

We do not express a view on these questions.

APPENDIX

DISCLOSURE OBLIGATIONS OF PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES ("PDMRs") GRANTING SECURITY OVER SHARES

1. Introduction

On 9 January 2009, the FSA responded to confusing press reports following the resignation of David Ross, the director of Carphone Warehouse Group PLC, regarding whether or not DTR 3 obliges PDMRs to notify issuers when granting security over any shares they hold in that issuer. The FSA's statement specified, amongst other things, that:

- the relevant rule, DTR 3.1.2R, was essentially a copy of the corresponding provisions of the EU Market Abuse Directive ("MAD", or the "Directive") which did not provide any definition of what transactions were to be notified to issuers by PDMR;

- the FSA considered that grants of security over shares (by the creation of a security interest such as a pledge, mortgage or charge) by PDMRs are notifiable transactions covered by the disclosure requirements of Chapter 3 of the DTRs, but that,

- the FSA recognised there were differing views and was seeking to reach a common understanding on the detail of the MAD requirements in this area with the European Commission and with its counterparts in the Committee of European Securities Regulators.

2. Legal Background

2.1 DTR 3.1.2R states:

"Persons discharging managerial responsibilities and their connected persons, must notify the issuer in writing of the occurrence of all transactions conducted on their own account in the shares of the issuer, or derivatives or any other financial instruments relating to those shares within four business days of the day on which the transaction occurred."

2.2 The details to be notified are given in DTR 3.1.3 R (which has its origins in Article 6(3) 2004/72/EC (the "**Implementing Directive**") as follows:

(1) the name of the person discharging managerial responsibilities within the issuer, or, where applicable, the name of the person connected with such a person;

(2) the reason for responsibility to notify;

(3) the name of the relevant issuer;

(4) a description of the financial instrument;

(5) the nature of the transaction (e.g. acquisition or disposal);

(6) the date and place of the transaction; and

(7) the price and volume of the transaction.

2.3 Issuers must then disclose this information to the market pursuant to DTR 3.1.4R.

2.4 DTR 3.1.2R implements Article 6 (4) of MAD, the aim of which is to prevent market abuse in the form of insider dealing and market manipulation. MAD does not specify what transactions are to be disclosed, but throughout the Directive market abuse is specifically referenced to the acquisition or disposal of financial instruments (in particular, see Recital 18[10] and Article 2 (1)[11]).

2.5 The FSA's standard form of "Notification of Transactions of Directors, Persons Discharging Managerial Responsibility or Connected Persons" derived from the provisions of the Directive similarly refers only to acquisitions and disposals[12].

2.6 The details specified in Article 6(3) of the Implementing Directive that are to be notified in a disclosure include (i) the date and place of the transaction, and (ii) the price and volume of the transaction. While this information is directly meaningful in the context of acquisitions or disposals or other changes in exposure to the issuer, it is much less meaningful and often irrelevant or confusing when applied to grants of security (see section 4 below for further discussion).

2.7 We therefore,

(i) highlight the fact that although MAD does not limit the transactions that are to be notified pursuant to Article 6 (4) of MAD to acquisitions and disposals, neither does it require the grant of security over shares (or other financial instruments) to be notified; and

(ii) consider it an open question as to whether security arrangements were intended to fall within the scope of the transactions to be notified pursuant to

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[10] Recital 18 of MAD: "Use of inside information can consist in the acquisition or disposal of financial instruments by a person who knows, or ought to have known, that the information possessed is inside information…"

[11] Article 2 (1) of MAD: "Member States shall prohibit any person referred to in the second subparagraph who possesses inside information from using that information by acquiring or disposing of, or by trying to acquire or dispose of, for his own account or for the account of a third party, either directly or indirectly, financial instruments to which that information relates.

The first subparagraph shall apply to any person who possesses that information:

(a) by virtue of his membership of the administrative, management or supervisory bodies of the issuer…"

[12] http://www.fsa.gov.uk/pubs/forms/DR_responsibility.pdf

Article 6(4) of MAD and note that other European Regulators have decided that, where there is no transfer of title, they do not[13].

3. Purpose of PDMR Disclosures

3.1 The purpose of the disclosure of transactions in an issuer's shares by PDMRs is given in Recital 26 of MAD and Recital 7 of the Implementing Directive as:

(i) a preventative measure against market abuse through increased transparency;

(ii) to provide information to market participants; and

(iii) as a means for competent authorities to supervise markets.

4. Purpose of PDMR Disclosures: Prevention of market abuse

4.1 With reference to the first purpose, we assume the reasoning is that by requiring PDMRs to disclose their transactions in the issuer's shares, they are deterred from either transacting when they have, or may have, inside information, or transacting on more advantageous terms than are available to other market participants because the price paid for the transaction and also the proximity between the release of inside information and the transaction will be evident to the market (and regulatory authorities) and thus any market abuse will be more readily exposed.

4.2 It may also be the case that the requirement of disclosure itself adds additional rigour to the compliance controls that issuers are required to have in place for identifying inside information and insiders since issuer's also have a reporting obligation under DTR 3.1.4R.

4.3 We suggest that this purpose is served by disclosures regarding changes in the PDMR's exposure to the issuer, such as sales and purchases of shares, derivatives and the placement of spread bets.

4.4 Where a PDMR grants security over their shares in the issuer there is no change in the PDMR's exposure to the issuer[14] and no risk of market abuse.

4.5 Section 7 contains a table setting out a sample of disclosures from issuers made around the time of the FSA's statement in January 2009 concerning PDMR notifications of security over issuer shares. The table distinguishes between (i) information issuers are

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[13] E.g. p722 (para.V2.2) BaFin Issue Guideline prepared by the Bundesanstalt fur Finanzdienstleistungsaufsicht as at July 15 2005

[14] We recognise that transactions could be structured that would be tantamount to a sale (for example, a secured borrowing with recourse only to the shares) and in those circumstances there is a change in exposure to the issuer and the disclosure should be required.

required to disclose pursuant to DR 3.1.3R, (ii) additional information issuers have included in the notification and, (iii) additional details reported in the press. The additional information issuers have provided in the announcements shows that most often the security arrangements that PDMR have in place consist of a general pledge over all of their assets from time to time as collateral for a personal loan and that this pledge includes financial instruments in the issuer as well as other assets (both as at the time the charge was entered into and over any future assets they acquire) and thus it is not possible to show a direct correspondence between the amount of the loan and the value of the issuer's shares.

5. Purpose of PDMR Disclosures: Provision of information and a means of supervision for regulators

5.1 With reference to the second purpose, that of providing information to investors, the common understanding is that, regarding acquisitions and disposals of shares, because PDMRs are in the best position to assess the value of the issuer but are not permitted to trade on inside information, their changes in exposure to the issuer reflect their long term view of the company's prospects. However, it is also generally recognised that there may be a variety of other reasons why PDMRs choose to sell (for example, to raise cash for personal reasons or to diversify their portfolio) or buy (for example, as a deliberate gesture of confidence in the issuer, or they may hold back from selling so as not to damage investor confidence). Thus, many market participants look not just at the most recent dealings of PDMRs, but at the overall pattern and the amounts involved and also what the transactions entered into by PDMRs as a whole.

5.2 When a PDMR grants security over their shares or other financial instruments however, it is less clear how the market should interpret this information: is the grant of security to be regarded as a positive or negative event? What is the intended effect of this information for investors?

5.3 The table in Section 7 shows that in the most common arrangement the PDMR does not transfer the economic interest in their shares, but simply provides them as collateral together with other assets for a purpose unrelated to the issuer (usually a personal loan), and expects that the security will be released following the conclusion of that purpose. A mortgage (where title is transferred and would be notifiable as a disposal of shares under DTR) is not common.

5.4 The fact that a PDMR has granted security does not inform the market as to the views of that PDMR toward the issuer. The only information that may be of interest to investors is the fact that a third party has, or may have, a right over the shares (although if these rights are material, they would fall to be disclosed by that third party pursuant to DTR5 in any event) or may become entitled to full legal and beneficial title to the shares in the event that the PDMR defaults (in which case the disposal would be disclosable under DTR3). However, even these details will depend on the exact form and terms of the security arrangements which can often be lengthy and complex and relate to the private circumstances of the PDMR.

5.5 Reviewing the information provided by issuers in the notifications summarised in Section 7, it can be seen that while some issuers have simply reported the fact that a PDMR has granted security over their shares (and given the minimum details as required by DTR 3.1.3R), others have attempted to provide the market with more information regarding the circumstances surrounding the grant of security. Additional information provided by some PDMR/issuers includes:

- the reasons for granting security (e.g. personal loan);
- who the security is in favour of (e.g. the PDMR's personal bank);
- the commencement date of the security arrangements (e.g. that they pre-date any holdings of the issuers shares (or the listing of those shares));
- the intended term of the security (e.g. on-going);
- details of who holds legal and beneficial interest (and thus who controls the voting and has rights to receive dividends); and
- the scope of the security (e.g. general charge over all the PDMR's assets including their shares in the issuer).

5.6 This information, while providing more context to the grant of security, may stil not allow market participants to draw any particularly meaningful conclusions. The key piece of information that investors may be interested in would be the trigger point or the minimum margin required that informs them when the chargee has the right to claim ownership of the shares (or other financial instruments) and exercise the voting and other rights. However, this would involve disclosing yet further details (many of which would likely be complex and not easy to summarise without there being a danger of misleading by omission) and also reveal confidential details such as the amount of the loan or details of other assets of the PDMR (who has a right to keep these private). While this information may be interesting to investors (and will undoubtedly be of prurient interest to the press and the public), in the absence of a market abuse risk there is no public interest to outweigh the PDMR's right to privacy of this information.

6. Recommendation

6.1 Article 6(4) of MAD should be applied consistently by all member states.

6.2 Since we consider that the disclosure of security over PDMR shares in an issuer does not have a clear role in market abuse prevention, nor does it provide particularly meaningful information to the market or regulators, our favoured approach would be for it to be made clear that the transactions to be notified by PDMRs (and therefore by issuers to the public) should be only those that result in a change to the PDMR's economic and/or voting exposure to the issuer. This approach avoids a detailed analysis of different kinds of pledge or other security should require disclosure. If the pledge or other security instrument is in substance a transfer of the shares, then depending on the facts, this would give rise to a notifiable transaction.

7. SAMPLE OF NOTIFICATIONS FOLLOWING PDMR GRANTING SECURITY OVER SHARES

Company	**Date of announcement**	**Information required by DR 3.1.3R** **1) Name of PDMR or connected person** **2) Reason for responsibility to notify** **3) Name of Issuer** **4) Description of financial instrument** **5) Nature of transaction** **6) Date and Place of transaction** **7) Price and Volume of transaction**	**Additional information in announcement**	**Details reported in the Press**
Kazakhmys Plc	21 January 2009	**1)** Vladimir Kim **2)** PDMR transaction - Chairman **3)** Kazakhmys Plc **4)** Shares **5)** Pledge **6)** Not specified when pledge was made. **7)** 19,541,813 shares. **1)** Oleg Novachuk **2)** PDMR transaction - Chief Executive **3)** Kazakhmys Plc **4)** Shares **5)** Pledge **6)** Not specified when pledge was made. **7)** 29,706,848 shares	The announcement specified that: - the shares are pledged to support loans; and - the shares pledged represent less than 20% of shares held by management, and 9% of total shares outstanding.	FT article (22 January): *"Joining the list of oligarchs who are revealed as having pledged stock against loans, Kazakhmys' chairman Vladimir Kim has pledged 19.5m shares in the mining group. His Ukranian chief executive Oleg Novachuk also pledged 29.7m shares. Together, the share parcels – which amount to about 9% of the group – are worth about £98 million at the last trading price.* *They were used to borrow money for "general investments" some time ago. A year ago, Kazakhmys shares were trading five times higher than yesterday's close of 206 ¾ p.* *Bank terms have changed since the end of 2006, when Basile Enterprises, a SPV for Mr Kim, secured a syndicated loan of about $705m, with BNP Paribas, Barclays and RZB as senior lead arrangers, alongside ABN Amro, CS, JPMorgan and Natexis Banques Populaires as lead arrangers. The three-year loan was secured on shares and then paid 150 basis points over Libor".*

Vodafone Group Plc	20 January 2009	**1)** Simon Murray **2)** PDMR transaction – Non-executive director **3)** Vodafone Group Plc **4)** Ordinary shares **5)** Pledge **6)** General pledge entered into prior to acquisition of shares **7)** 157,500 at US$0.11[3/7] each	Announcement specified that: - the shares are held in a personal securities account that was set up prior to the acquisition of the shares, and over which there is a general pledge as security for a loan facility; - the company announced the acquisition of the shares on 2 July 2007.	FT article (Jan 22): *"Vodafone director …Simon Murray has also hocked shares worth about £200,000 against a loan. His 157,500 shares are held as part of a personal securities account. The account was set up before he bought the Vodafone shares and Mr Murray had entered into a general pledge over all the shares held in the account as security for a loan"*
Wetherspoon (JD) Plc	21 January 2009 and 28 January 2009	**1)** Tim Martin **2)** PDMR Transaction - Chairman **3)** Wetherspoon (JD) Plc **4)** Shares **5)** Pledge **6)** - **7)** 3.6 million shares	J D Wetherspoon plc made two announcements. The first on 21 January 2009 specified that: - Mr Martin had previously informed the Company that he had pledged 3.5 million shares as security for a facility with RBS; - that on 20 January 2009 Mr Martin sold 500,000 shares at 309.5 pence each and that the proceed would be used to repay the balance of the RBS facility (and the security over the shares would be released); and that - Mr Martin holds 33,309,934 shares representing 24% ISC. The second announcement on 28 January 2009 specified that: - The security over 3.6 million of Mr Martin's shares for a facility with RBS would remain in place (after previously announcing it would be released) to allow Mr Martin greater flexibility in his ongoing financial planning arrangements	
Rexam Plc	16 January 2009	**1)** Leslie Van De Walle **2)** PDMR transaction - CEO **3)** Rexam Plc **4)** 701,000 6.75% Rexam Capital Securities due 2067 (the "Hybrid Bond") and 56,173 Rexam ordinary shares **5)** Grant of Security **6)** Following purchase of the financial instruments on 6 May 2008, they were included as security. **7)** 56,173 shares	The announcement specified that: - the purchase of the financial instruments was announced on 6 May 2008 and that they were included as security against an overdraft facility arranged to fund the purchase of the Hybrid Bond; - Leslie Van De Walle, through his family's connected holding, remains the beneficial owner of the shares and securities and retains associated voting rights.	-

G4S Plc	14 January 2009	**1)** Mark Seligman **2)** PDMR transaction – Non-Executive Director **3)** G4S Plc **4)** Ordinary shares **5)** Grant of Security **6)** Security arrangements pre date acquisitions of shares. Acquisitions of shares on 13 March 2006, 29 June 2006 and November 2007. **7)** 100,992 shares	The announcement specified that: - the shares were obtained under the company's dividend reinvestment plan and were held, together with other assets, from the time of acquisition in a portfolio account in his own name. The assets in this account were subject to a security arrangement which pre-dated the acquisitions of the shares; - the shares are no longer subject to security arrangement having been discharged on date of the announcement.	-
British Land Co Plc	19 January 2009	**1)** Aubrey Adams **2)** PDMR transaction Director **3)** British Land Company Plc **4)** Ordinary shares **5)** Grant of Security **6)** 31 December 2008 **7)** 10,000 shares	The announcement states that the shares were transferred into Mr Adams' funds at Lloyds deposit account as security.	-
Tullow Oil Plc	16 January 2009	**1)** Graham Martin **2)** PDMR transaction - Director **3)** Tullow Oil Plc **4)** Ordinary shares **5)** Grant of Security **6)** Not specified **7)** 999,149 shares	Announcement specified that: - Security over the shares was granted in favour of Mr Martin's bank, SG Hambros Bank Limited, against a personal loan entered into in May 2006; - The personal loan was repaid in full in July 2008, but that the loan facility and security arrangement remain in place in respect of any future borrowings.	-
Compass Group Plc	21 January 2009	**1)** Miguel Ramis **2)** PDMR transaction (responsible for the majority of the group's European businesses) **3)** Compass Group Plc **4)** Ordinary shares **5)** Pledge **6)** 20 December 2008 **7)** SFR1 million ordinary 10 pence shares	Announcement specified that Mr Ramis: - has an agreement through which he has pledged such number of ordinary shares as may be required from time to time to be used as security against lending obligations for which he may, from time to time, become responsible. - at the date of the announcement he holds 668,076 shares representing 0.036% of the company's issued share capital.	-

Domino's Pizza UK & IRL Plc	21 January 2009	**1)** Stephen Hemsley **2)** PDMR Transaction – Executive Chairman **3)** Domino's Pizza UK & IRL Plc **4)** Ordinary shares **5)** Pledge **6)** 'On or after the company was admitted to AIM in 1999, although prior to the company's admission to the Official List' **7)** 3,590,000 ordinary shares of 1.5625 pence	Announcement specified that prior to the Company's admission to the Official List, Mr. Hemsley pledged the specified number of ordinary shares as security against a personal loan facility. Mr. Hemsley, and trusts of which he and his family are potential beneficiaries, holds 6,030,000 shares representing 3.74% of the company's issued share capital. The Company states that he did not breach Model Code obligations when granting the security.	-
		1) Colin Halpern **2)** PDMR Transaction – Director **3)** Domino's Pizza UK & IRL Plc **4)** Ordinary shares **5)** Pledge **6)** Since 1998, before the company was admitted to AIM in 1999 and the Official List in 2008 **7)** 10,507,328 shares	Announcement specified that prior to the Company's admission to AIM and to the Official List, Mr. Halpern pledged the shares through various agreements and as part of a package of security comprising other assets against a personal loan facility. Mr. Halpern holds (through a company wholly owned by trusts, the beneficiaries of which are the adult children of him and his wife Gail Halpern) 10,507,328 shares representing 6.51% of the company's issued share capital. The Company states that he did not breach Model Code obligations when granting the security.	
		1) Nigel Wray **2)** PDMR Transaction – Director **3)** Domino's Pizza UK & IRL Plc **4)** Ordinary shares **5)** Pledge **6)** 'Since first acquiring shares in the company in 1997, before the company was admitted to AIM in 1999 and the Official List in 2008' **7)** 17,877,404 shares	Announcement specified that prior to the Company's admission to AIM and the Official List, Mr. Wray pledge the shares through various agreements and as part of a package of security comprising other assets pledged the shares against a personal loan facility. Mr. Wray, and companies wholly owned by him, and trusts which are beneficially owned by family trusts of his, holds 26,995,118 shares representing 16.72% of the company's issued share capital. The Company states that he did not breach Model Code obligations when granting the security.	

THB Group Plc	11 December 2008	**1)** Vic Thompson, **2)** PDMR transaction - Group Chief Executive **3)** THB Group Plc **4)** Ordinary shares **5)** Grant of Security **6)** Security was part of an acquisition announced by the Company on 24 January 2008 **7)** 2,000,000 10 pence shares	The announcement further specified that Vic Thompson had: - in January 2008, as part of an acquisition, made a gift of 1,150,000 of his own THB shares to Guildford Services Ltd and that this had been announced at the relevant time; - as part of the same acquisition, he had also granted security over 2,000,000 ordinary shares in support of certain liabilities owned by PWS Holdings plc to AIB Group (UK) plc; and that, - he remained the beneficial owner of the shares and that his holdings remained at 5,500,000 shares representing approx. 17.15 % of the Company's issued share capital.	Telegraph article (11 Dec 2008): *"**THB and Emblaze directors admit share-for-loan pledges*** *Vic Thompson, who founded Thompson Heath & Bond in 1968, and Emblaze founder Eli Reifman, said they had pledged shares in exchange for loans. The admissions come after Carphone Warehouse founder David Ross on Monday revealed he had secretly pledged missions of shares in companies where he holds directorships to banks in return for person loans. Although such arrangements are allowed, they must be disclosed to the company in question.* *Mr Thompson pledged 2m of his own THB shares in January in exchange for loan from Allied Irish Banks. The entrepreneur secured the loan to finance THB's acquisition of PWS International, a rival broker…THB said in January that Mr Thompson had pledged 1.15m shares to an acquisition vehicle, Guilford Services Limited, but failed to make any further disclosure. Mr Thompson said he had only been made aware that the AIB pledge constituted share dealing after reading of* *Mr Ross's situation. "We needed AIB consent for the acquisition to ahead" he said. " As part of the acquisition I had gifted 1.1m of my shares to enable some of the PWS debt to be acquired. AIB was looking to get an additional guarantee"*
Emblaze Ltd	11 December 2008	**1)** Eli Reifman **2)** PDMR transaction - Director **3)** Emblaze Ltd **4)** Shares **5)** Pledge **6)** - **7)** 17,353,000 shares	- The shares were bought via personal loans and were then pledged to secure those loans. - Eli Reifman intends to release the pledges in the future via liquidation of some of his personal assets.	*See above in THB Group plc.*

Stagecoach Group Plc	20 January 2009	**1)** Brian Souter **2)** PDMR transaction - Director **3)** Stagecoach group Plc **4)** Ordinary shares **5)** Pledge **6)** 20 January 2009 **7)** 7,633,928 shares **1)** Anna Gloag **2)** PDMR transaction - Director **3)** Stagecoach Group Plc **4)** Ordinary shares **5)** Pledge **6)** 20 January 2009 **8)** 11,196,427 shares	The announcement specified that the shares had previously been pledged as security against personal banking arrangements. The security was now being released and then re-pledged. In addition, Mr Souter had transferred 16,366,072 shares to HSDL Nominees Ltd, which now holds 24 million shares of which Brian Souter is the beneficial owner. The announcement specified that the shares had previously been pledged as security against personal banking arrangements. The security was now being released and then re-pledged. - HSDL Nominees Ltd now holds 11,196,427 shares of which Anna Gloag is the beneficial owner. Further information regarding both Mr. Souter and Mr. Gloag was given as follows: - The shares held by HSDL Nominees Ltd are held as security against personal banking arrangements of Brian Souter and Ann Gloag and represent 4.89% of the shares of Stagecoach plc. The change in the number of shares held by HSDL Nominees arose in connection with the renewal of personal banking facilities. Dividends and other distributions received on these shares are for the benefit of Brian Souter and Ann Gloag. - As a result of the pledges there were no changes in Brian Souter's and Ann Gloag's interests in the company. Brian Souter holds 108,221,606 shares representing 15.05% ISC. Ann Gloag holds 78,095,900 shares representing 10.86% of the Company's issued share capital. - As a result of the transactions there have been changes to the voting rights controlled by Mr Souter and Ms Gloag: previously the Bank of Scotland Plc and HSDL Nominees Ltd controlled voting rights in respect of the shares, following new arrangements the voting rights are now controlled by Brian Souter and Ann Gloag unless they are in default of the related bank facilities. The change in voting rights was reported separately.	

		1) Sir George Mathewson **2)** PDMR transaction - Director **3)** Stagecoach Group Plc **4)** Ordinary shares **5)** Pledge **6)** 4 December 2008 **9)** 35,800 shares	- Pledge made as security against personal loan arrangements. - Those shares pledged represent Sir George Mathewson's total interests in the issued share capital of the Company	

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