

Chapter 10

Equity shares (commercial companies): contents of circulars

10.4 Reverse takeover circulars

Reverse takeover circulars

- 10.4.1 **R** A *reverse takeover circular* must also include the following information:
- (1) the information given in the notification required by ■ UKLR 7.5.1R(1);
 - (2) if applicable, the information set out in ■ UKLR 7 Annex 2 Part 4 (Synergy benefits, sources of information and pro-forma financial information);
 - (3) the information set out in ■ UKLR 10 Annex 1;
 - (4) the information set out in ■ UKLR 10 Annex 2;
 - (5) if the transaction is a *related party transaction*, the information given in the notification required by ■ UKLR 8.2.1R(4);
 - (6) a declaration by the *issuer* and its *directors* in the following form (with appropriate modifications): 'The [issuer] and the directors of [the issuer], whose names appear on page [], accept responsibility for the information contained in this document. To the best of the knowledge of the [issuer] and the directors, the information contained in this document is in accordance with the facts and the document makes no omission likely to affect its import.';
 - (7) if a statement or report attributed to a *person* as an expert is included in a *circular* (other than a statement or report incorporated by reference from a *prospectus* or *listing particulars*), a statement to the effect that the statement or report is included, in the form and context in which it is included, with the *person's* consent.
- 10.4.2 **G** The information necessary under ■ UKLR 10.3.1R(3) includes all the material terms of the *reverse takeover*, including the consideration.
- 10.4.3 **R** If the *reverse takeover circular* contains audited financial information which includes a *modified report*, the *reverse takeover circular* must set out:
- (1) the information required by ■ UKLR 10 Annex 1 1.2R(8); and
 - (2) a statement from the *directors* explaining why they are able to recommend the proposal set out in the *reverse takeover circular* notwithstanding the *modified report*.

Takeover offers

10.4.4 **R** If a *reverse takeover circular* relates to a takeover offer which has not been recommended by the offeree's board or the *listed company* has not had access to due diligence information on the offeree at the time the *reverse takeover circular* is published, the *listed company* must comply with paragraphs (1) and (2):

- (1) Information on the offeree required by **UKLR 10 Annex 2** should be disclosed in the *reverse takeover circular* on the basis of information published or made available by the offeree and of which the *listed company* is aware and is free to disclose.
- (2) If the takeover offer has been recommended but the *listed company* does not have access to due diligence information on the offeree, the *listed company* must disclose in the *reverse takeover circular* why access has not been given to that information.

Acquisition or disposal of mineral resources

10.4.5 **R** If a *reverse takeover transaction* relates to an acquisition or disposal of *mineral resources* or rights to *mineral resources*, the *reverse takeover circular* must include:

- (1) details of *mineral resources* and, where applicable, reserves (presented separately) and exploration results or prospects;
- (2) anticipated mine life and exploration potential or similar duration of commercial activity in extracting reserves;
- (3) an indication of the duration and main terms of any licences or concessions and the legal, economic and environmental conditions for exploring and developing those licences or concessions;
- (4) indications of the current and anticipated progress of mineral exploration and/or extraction and processing, including a discussion of the accessibility of the deposit; and
- (5) an explanation of any exceptional factors that have influenced the matters in (1) to (4).

10.4.6 **G** The information in **UKLR 10.4.5R** should be prepared in accordance with the reporting standards referred to in Appendix I of Primary Market Technical Note 619.1 (available at the following URL: www.fca.org.uk/publication/primary-market/tn-619-1.pdf) and, in the case of a company with oil and gas projects, having regard to Appendix III of Primary Market Technical Note 619.1.