

Chapter 13

Equity shares (shell companies): requirements for listing and continuing obligations

13.1 Application

- 13.1.1** **R** This chapter applies to a *shell company* with, or applying for, a *listing of equity shares* in the *equity shares (shell companies)* category. It does not apply to *securities* of:
- (1) a *closed-ended investment fund*;
 - (2) an *open-ended investment company*; or
 - (3) an *investment entity* that is not a *closed-ended investment fund* or an *open ended-investment company*.

Meaning of 'shell company'

- 13.1.2** **R** A *shell company* is an *issuer* whose:
- (1) assets consist solely or predominantly of cash or short-dated *securities*; or
 - (2) predominant purpose or objective is to undertake an acquisition or merger, or a series of acquisitions or mergers.

- 13.1.3** **G** An *issuer* should consider the guidance in **■ UKLR 21.2.5G** and contact the *FCA* as soon as possible if at any time an *issuer* no longer meets the definition of a *shell company* as a result of completing an *initial transaction* to request a cancellation of *listing*.

Meaning of 'founding shareholder', 'public shareholder' and 'shell company sponsor'

- 13.1.4** **R** For *shell companies* that fall within **■ UKLR 13.1.2R(2)**:
- (1) 'founding shareholder' means a shareholder who founded or established a *shell company*;
 - (2) 'public shareholder' means a shareholder who is not a *founding shareholder*, a *shell company sponsor* or a *director*; and
 - (3) 'shell company sponsor' means a person who provides any of the following to a *shell company*:
 - (a) capital or other finance to support the operating costs of the *shell company*;
 - (b) financial, advisory, consultancy or legal services;

- (c) facilities or support services; or
- (d) any other material contribution to the establishment and ongoing operation of the *shell company*.

When a sponsor must be appointed

- 13.1.5 **G** An *issuer* should consider its obligation to appoint a *sponsor* under ■ UKLR 4.2.1R and the requirement to obtain a *sponsor's* guidance under ■ UKLR 4.2.6R.
- 13.1.6 **G** An *issuer* should consider its obligation to appoint a *sponsor* under ■ UKLR 4.2.2R(2), ■ (6) and ■ (9) where it is applying to transfer its category of *listing* to the *equity shares (shell companies)* category from one of the following *listing* categories:
- (1) the *equity shares (commercial companies)* category;
 - (2) the *equity shares (international commercial companies secondary listing)* category; or
 - (3) the *equity shares (transition)* category.
- 13.1.7 **G** An *issuer* should consider the obligations to contact the *FCA*, through its *sponsor*, under ■ UKLR 13.2.2G (relating to transfer of listing category), ■ UKLR 13.4.4R (Requirement for a suspension), ■ UKLR 13.4.21R (relating to where the *shell company* no longer satisfies the conditions for which a suspension is not required) and ■ UKLR 13.4.24R (Cancellation of listing).