

Chapter 13

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

13.3 Continuing obligations

Admission to trading

- 13.3.1 **R** Other than in regard to *securities* to which **■** UKLR 23 applies, the *listed equity shares* of a *shell company* must be admitted to trading on a *regulated market* for *listed securities*.

Time period for initial transaction to be completed

- 13.3.2 **R** A *listed shell company* must comply with **■** UKLR 13.2.1R at all times.

Board approval of any initial transaction

- 13.3.3 **R** A *listed shell company* must:
- (1) obtain the approval of its board for an *initial transaction* before it is entered into; and
 - (2) ensure that the following do not take part in the board's consideration of the *initial transaction* and do not vote on the relevant board resolution:
 - (a) any *director* who is, or an *associate* of whom is, a *director* of the *target* or of a *subsidiary undertaking* of the *target*; and
 - (b) any *director* who has a conflict of interest in relation to the *target* or a *subsidiary undertaking* of the *target*.

Equity shares in public hands

- 13.3.4 **R**
- (1) A *listed shell company* must comply with **■** UKLR 13.2.4R at all times.
 - (2) A *listed shell company* must notify the *FCA* without delay if it does not comply with the continuing obligation set out in **■** UKLR 13.3.4R.

- 13.3.5 **G** If a *listed shell company* is contemplating any action related to its *share capital*, including purchasing or redeeming its *equity shares*, the *shell company* should consider the impact it has on its ability to comply with **■** UKLR 13.3.4R(1).

- 13.3.6 **G** If a *listed shell company* makes a notification under **■** UKLR 13.3.4R(2), it should consider seeking a cancellation of *listing*. In particular, the *shell company* should note **■** UKLR 21.2.2G(2) and **■** UKLR 21.2.3G.

Notification of non-compliance with continuing obligations

13.3.7 **R** A *listed shell company* must notify the *FCA* without delay if it does not comply with any continuing obligation set out in:

- (1) ■ UKLR 13.3.2R; or
- (2) ■ UKLR 13.3.3R.

Further issues

13.3.8 **R** Where *shares* of the same *class* as *equity shares* that are *listed* in the *equity shares (shell companies)* category are allotted, an application for *admission to listing* of such *shares* must be made as soon as possible and in any event within 1 year of the allotment.

Copies of documents

13.3.9 **R** A *listed shell company* must forward to the *FCA*, for publication, by uploading to the *national storage mechanism*, a copy of:

- (1) all *circulars*, notices, reports or other documents to which the *listing rules* apply, at the same time as any such documents are issued; and
- (2) all resolutions passed by the *shell company*, other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant general meeting.

13.3.10 **R** (1) A *listed shell company* must notify a *RIS* as soon as possible when a document has been forwarded to the *FCA* under ■ UKLR 13.3.9R unless the full text of the document is provided to the *RIS*.

- (2) A notification made under (1) must set out where copies of the relevant document can be obtained.

First point of contact details

13.3.11 **R** A *listed shell company* must ensure that the *FCA* is provided with up-to-date contact details of at least one appropriate *person* nominated by it to act as the first point of contact with the *FCA* in relation to the *shell company's* compliance with the *listing rules*, the *disclosure requirements* and the *transparency rules*.

Temporary documents of title (including renounceable documents)

13.3.12 **R** A *listed shell company* must ensure that any temporary document of title (other than one issued in global form) for a *share*:

- (1) is serially numbered;
- (2) states, where applicable:
 - (a) the name and address of the first holder and the names of joint holders (if any);

- (b) the pro rata entitlement;
 - (c) the last date on which transfers were or will be accepted for registration for participation in the issue;
 - (d) how the *shares* rank for dividend or interest;
 - (e) the nature of the document of title and the proposed date of issue;
 - (f) how fractions (if any) are to be treated; and
 - (g) for a *rights issue*, the time, being not less than 10 *business days* calculated in accordance with ■ UKLR 9.4.6R, in which the *offer* may be accepted, and how *shares* not taken up will be dealt with; and
- (3) if renounceable:
- (a) states in a heading that the document is of value and negotiable;
 - (b) advises holders of *shares* who are in any doubt as to what action to take to consult appropriate independent advisers immediately;
 - (c) states that where all of the *shares* have been sold by the addressee (other than ex rights or ex capitalisation), the document should be passed to the *person* through whom the sale was effected for transmission to the purchaser;
 - (d) has the form of renunciation and the registration instructions printed on the back of, or attached to, the document;
 - (e) includes provision for splitting (without fee) and for split documents to be certified by an official of the *shell company* or authorised agent;
 - (f) provides for the last day for renunciation to be the second *business day* after the last day for splitting; and
 - (g) if, at the same time as an allotment is made of *shares* issued for cash, *shares* of the same *class* are also allotted credited as fully paid to vendors or others, provides for the period for renunciation to be the same as, but no longer than, that provided for in the case of *shares* issued for cash.

Definitive documents of title

R A *listed shell company* must ensure that any definitive document of title for a *share* (other than a bearer *security*) includes the following matters on its face (or on the reverse in the case of (6)):

- (1) the authority under which the *shell company* is constituted and the country of incorporation and registered number (if any);
- (2) the number or amount of *shares* the certificate represents and, if applicable, the number and denomination of units (in the top right-hand corner);
- (3) a footnote stating that no transfer of the *share* or any portion of it represented by the certificate can be registered without production of the certificate;

- (4) if applicable, the minimum amount and multiples thereof in which the *share* is transferable; and
- (5) the date of the certificate.
- (6) for *shares* with preferential rights, on the face (or, if not practicable, on the reverse), a statement of the conditions thereof as to capital, dividends and (where applicable) conversion.

Disclosure requirements and transparency rules

13.3.14 **G** A *listed shell company* whose *shares* are admitted to trading on a *regulated market* should consider its obligations under the *disclosure requirements* and the *transparency rules*.

Disclosure of rights attached to shares

13.3.15 **R** Unless exempted in ■ UKLR 13.3.18R, a *listed shell company* must:

- (1) forward to the *FCA* for publication a copy of one or more of the following:
 - (a) the approved *prospectus* or *listing particulars* for its *listed shares*;
 - (b) the relevant agreement or document setting out the terms and conditions on which its *listed shares* were issued; or
 - (c) a document describing:
 - (i) the rights attached to its *listed shares*;
 - (ii) limitations on such rights; and
 - (iii) the procedure for the exercise of such rights, produced in accordance with the relevant Annex of the *Prospectus Regulation* that would have applied had the *shell company* been required to produce a *prospectus* for those *listed shares*; and
- (2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded in accordance with (1) is no longer accurate, forward to the *FCA* for publication a copy of either of the following:
 - (a) a new document in accordance with (1); or
 - (b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *shell company's listed shares*.

13.3.16 **R** The documents in ■ UKLR 13.3.15R must be forwarded to the *FCA* for publication by uploading them to the *national storage mechanism*.

13.3.17 **G** The purpose of ■ UKLR 13.3.15R is to require *companies* to maintain publicly available information in relation to the rights attached to their *listed shares* so that investors can access such information.

13.3.18

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A *listed shell company* is exempt from ■ UKLR 13.3.15R where:

- (1) it has previously forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a document specified in ■ UKLR 13.3.15R(1);
- (2) if the information in relation to the rights attached to its *listed shares* set out in the document previously forwarded or filed in accordance with (1) is no longer accurate, it has forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, a copy of either of the following:
 - (a) one of the documents specified in ■ UKLR 13.3.15R(1); or
 - (b) a document describing or setting out the changes which have occurred in relation to the rights attached to the *shell company's listed shares*; and
- (3) the documents in (1) and (2) have been forwarded to the *FCA* for publication, or otherwise filed with the *FCA*, by:
 - (a) forwarding them for publication on a location previously identified on the *FCA* website where the public can inspect documents referred to in the *listing rules* as being documents to be made available at the document viewing facility; or
 - (b) uploading them to the *national storage mechanism*.

Registrar

13.3.19

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An *overseas shell company* must appoint a registrar in the *United Kingdom* if:

- (1) there are 200 or more holders resident in the *United Kingdom*; or
- (2) 10% or more of the *shares* are held by *persons* resident in the *United Kingdom*.

Notifications relating to capital

13.3.20

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A *listed shell company* must notify a *RIS* as soon as possible (unless otherwise indicated in this *rule*) of the following information relating to its capital:

- (1) any proposed change in its capital structure, save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;
- (2) any redemption of *listed shares*, including details of the number of *shares* redeemed and the number of *shares* of that *class* outstanding following the redemption;
- (3) any extension of time granted for the currency of temporary documents of title; and
- (4) the results of any new issue of *listed equity securities* or of a public offering of existing *shares* or other *equity securities*.

13.3.21

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Where the *shares* are subject to an underwriting agreement, a *listed shell company* may, at its discretion and subject to the *disclosure requirements*

and contents of ■ DTR 2, delay notifying a *RIS* as required by ■ UKLR 13.3.20R(4) for up to 2 *business days* until the obligation by the underwriter to take or procure others to take *shares* is finally determined or lapses. In the case of an issue or offer of *shares* which is not underwritten, notification of the result must be made as soon as it is known.

Compliance with the transparency rules and corporate governance rules

13.3.22 **G** A *listed shell company* whose securities are admitted to trading on a regulated market should consider its obligations under ■ DTR 4 (Periodic Financial Reporting), ■ DTR 5 (Vote Holder and Issuer Notification Rules) and ■ DTR 6 (Continuing obligations and access to information).

13.3.23 **R** A *listed shell company* that is not already required to comply with the transparency rules must comply with ■ DTR 4, ■ DTR 5 and ■ DTR 6 as if it were an *issuer* for the purposes of the transparency rules.

13.3.24 **R** A *listed shell company* that is not already required to comply with ■ DTR 7.2 (Corporate governance statements) must comply with ■ DTR 7.2 as if it were an *issuer* to which that section applies.

13.3.25 **R** A *listed shell company* that is not already required to comply with ■ DTR 7.3 (Related party transactions) must comply with ■ DTR 7.3 as if it were an *issuer* to which ■ DTR 7.3 applies, subject to the modifications set out in ■ UKLR 13.3.26R.

13.3.26 **R** For the purposes of ■ UKLR 13.3.25R, ■ DTR 7.3 is modified as follows:

(1) ■ DTR 7.3.2R must be read as if the words ‘has the meaning in *UK-adopted IFRS*’ are replaced as follows:

‘has the meaning:

(1) in *UK-adopted IFRS*; or

(2) Where the *listed shell company* prepares annual consolidated financial statements in accordance with accounting standards which have been determined to be equivalent to *UK-adopted IFRS* and which are set out in the *TD Equivalence Decision*:

(a) in *UK-adopted IFRS*; or

(b) in the equivalent accounting standards in accordance with which its annual consolidated financial statements are prepared, at the choice of the *listed shell company*.’

(2) ■ DTR 7.3.8R(2) and ■ DTR 7.3.8R(3) do not apply.

(3) ■ DTR 7.3.9R must be read as follows:

(a) as if the words ‘after obtaining board approval’ are replaced by ‘after publishing an announcement in accordance with ■ DTR 7.3.8R(1)’; and

- (b) the reference to ■ DTR 7.3.8R must be read as a reference to ■ DTR 7.3.8R as modified by ■ UKLR 13.3.26R(2).
- (4) In ■ DTR 7.3.13R, the references to ■ DTR 7.3.8R must be read as references to ■ DTR 7.3.8R as modified by ■ UKLR 13.3.26R(2).