

Chapter 14

Equity shares (international commercial companies secondary listing): requirements for listing and continuing obligations

14.4 Reverse takeovers

Cancellation of listing

- 14.4.1 **G** If a *listed company* is proposing to enter into a transaction classified as a *reverse takeover* it should consider ■ UKLR 21.2.2G and ■ UKLR 21.2.5G.
- 14.4.2 **G** Where a *listed company* completes a *reverse takeover*, the *FCA* will seek to cancel the *listing* of a *listed company's equity shares* unless the *FCA* is satisfied that circumstances exist such that cancellation is not required. The *FCA* will have regard to ■ UKLR 21.2.1R and the individual circumstances of the case.
- 14.4.3 **R** Where the *listed company's listing* is cancelled following completion of a *reverse takeover*, the *issuer* must re-apply for the *listing* of the *equity shares*.
- 14.4.4 **R** A *listed company* or, where a *sponsor* has been appointed in accordance with ■ UKLR 4.2.2R, a *sponsor* on behalf of a *listed company* must contact the *FCA* as early as possible:
- (1) before a *reverse takeover* which has been agreed or is in contemplation is announced; or
 - (2) where details of the *reverse takeover* have leaked,
- to discuss whether a cancellation of *listing* is appropriate on completion of the *reverse takeover*.
- 14.4.5 **G** ■ UKLR 14.4.6G to ■ UKLR 14.4.8G set out circumstances in which the *FCA* will generally be satisfied that a cancellation is not required.

Acquisitions of targets within the same listing category (listed company maintaining its listing category)

- 14.4.6 **G** Where:
- (1) a *listed company* acquires the *equity shares* of a *target*;
 - (2) those *equity shares* are also *listed* in the *equity shares (international commercial companies secondary listing)* category; and

- (3) the *listed company* wishes to maintain its *listing of equity shares* in the *equity shares (international commercial companies secondary listing)* category,

the *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover*.

Acquisitions of targets from different listing categories (listed company maintaining its listing category)

14.4.7

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Where a *listed company* acquires the *equity shares* of a *target* with a different *listing category* from its own and the *listed company* wishes to maintain its *listing* in the *equity shares (international commercial companies secondary listing)* category, the *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover* if:

- (1) the *listed company* will continue to be eligible for the *equity shares (international commercial companies secondary listing)* category following completion of the transaction;
- (2) a *listed company* provides an eligibility letter to the *FCA* setting out how the *listed company* as enlarged by the acquisition satisfies each *listing rule* requirement that is relevant to it being eligible for the *equity shares (international commercial companies secondary listing)* category not less than 20 *business days* prior to the announcement of the *reverse takeover*; and
- (3) the *listed company* makes an announcement explaining:
 - (a) the background and reasons for the acquisition;
 - (b) any changes to the acquiring *listed company's* business that have been made or are proposed to be made in connection with the acquisition;
 - (c) the effect of the transaction on the acquiring *listed company's* obligations under the *listing rules*;
 - (d) how the acquiring *listed company* will continue to meet the relevant requirements for *listing*; and
 - (e) any other matter that the *FCA* may reasonably require.

Acquisitions of targets from different listing categories (listed company changing listing category)

14.4.8

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The *FCA* will generally be satisfied that a cancellation is not required on completion of a *reverse takeover* if:

- (1) the *target* is *listed* with a different *listing category* from that of the *listed company*;
- (2) the *listed company* wishes to transfer its *listing* to a different *listing category* in conjunction with the acquisition; and
- (3) the *listed company* as enlarged by the relevant acquisition complies with the relevant requirements of ■ UKLR 21.5 to transfer to a different *listing category*.

14.4.9

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A *listed company* proposing to transfer its *listing* to the *equity shares (commercial companies)* category, the *closed-ended investment funds* category or the *equity shares (shell companies)* category should consider its obligation to appoint a *sponsor* under ■ UKLR 4.2.2R.