

Equity shares (transition): continuing obligations

Chapter 22

Equity shares (transition): continuing obligations



22.3 Reverse takeovers

Cancellation of listing

22.3.1 **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.

22.3.2 **G** Where a *listed company* completes a *reverse takeover*, the *FCA* will seek to cancel the *listing* of an *issuer'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.

22.3.3 **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 *shares* in a different *listing* category.

22.3.4 **G** ■ UKLR 22.3.6G sets out circumstances in which the *FCA* will generally be satisfied that a cancellation is not required.

Acquisitions of targets (issuer to change its listing category from the equity shares (transition) category if issuer wishes to remain listed)

22.3.5 **R** Where a *listed company* completes a *reverse takeover* (regardless of whether those acquired *shares* are also *listed* in the *equity shares (transition) category*):

- (1) Unless the *FCA* is satisfied that the circumstances exist such that cancellation is not required, the *FCA* will seek to cancel the *listing* of the *listed company's equity shares*; and
- (2) the *listed company* would be required to re-apply for *admission* to a different *listing* category.

22.3.6 **G** 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.

22.3.7

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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.

22.3.8

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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*.