

Chapter 10

Significant transactions: Premium listing

10.5 Class 1 requirements

Notification and shareholder approval

10.5.1

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A *listed company* must, in relation to a *class 1 transaction*:

- (1) comply with the requirements of ■ LR 10.4 (Class 2 requirements) for the transaction;
- (2) send an explanatory *circular* to its shareholders and obtain their prior approval in a general meeting for the transaction; and
- (3) ensure that any agreement effecting the transaction is conditional on that approval being obtained.

Note: LR 13 sets out requirements for the content and approval of *class 1 circulars*.

Material change to terms of transaction

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If, after obtaining shareholder approval but before the completion of a *class 1 transaction* or a *reverse takeover*, there is a material change to the terms of the transaction, the *listed company* must comply again separately with ■ LR 10.5.1 R in relation to the transaction.

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The *FCA* would (amongst other things) generally consider an increase of 10% or more in the consideration payable to be a material change to the terms of the transaction.

Supplementary circulars

10.5.4

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- (1) If a *listed company* becomes aware of a matter described in (2) after the publication of a *circular* that seeks shareholder approval for a transaction expressly requiring a vote by the *listing rules*, but before the date of a general meeting, it must, as soon as practicable:
 - (a) advise the *FCA* of the matters of which it has become aware; and
 - (b) send a supplementary *circular* to holders of its *listed equity shares* providing an explanation of the matters referred to in (2).
- (2) The matters referred to in (1) are
 - (a) a material change affecting any matter the *listed company* is required to have disclosed in a *circular*; or

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- (b) a material new matter which the *listed company* would have been required to disclose in the *circular* if it had arisen at the time of its publication.
 - (3) The *listed company* must have regard to ■ LR 13.3.1R (3) when considering the materiality of any change or new matter under ■ LR 10.5.4R (2).
- LR 13 applies in relation to a supplementary *circular*. It may be necessary to adjourn a convened shareholder meeting if a supplementary *circular* cannot be sent to holders of *listed equity shares* at least 7 days prior to the convened shareholder meeting as required by ■ LR 13.1.9 R.