

**LISTING RULES (SPECIAL PURPOSE ACQUISITION COMPANIES)  
INSTRUMENT 2021**

**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 73A (Part 6 Rules);
  - (2) section 96 (Obligations of issuers of listed securities);
  - (3) section 137A (The FCA’s general rules);
  - (4) section 137T (General supplementary powers); and
  - (5) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 10 August 2021.

**Amendments to the Handbook**

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Listing Rules sourcebook (LR) is amended in accordance with Annex B to this instrument.

**Citation**

- F. This instrument may be cited as the Listing Rules (Special Purpose Acquisition Companies) Instrument 2021.

By order of the Board  
22 July 2021

**Annex A****Amendments to the Glossary of definitions**

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

*founding* as defined in *LR 5.6.18BR*.  
*shareholder*

*public* as defined in *LR 5.6.18BR*.  
*shareholder*

Amend the following definitions as shown.

*sponsor* (1) ~~(in *LR*, except in *LR 5.6.18AG*)~~ a *person* approved, under section 88 of the *Act* by the *FCA*, as a sponsor.

(1A) (in *LR 5.6.18AG*) as defined in *LR 5.6.18BR*.

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## Annex B

## Amendments to the Listing Rules sourcebook (LR)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

**5 Suspending, cancelling and restoring listing and reverse takeovers: All securities**

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**5.6 Reverse takeovers**

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Requirement for a suspension

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5.6.8 G Generally, when a *reverse takeover* between a *shell company* and a *target* is announced or leaked, there will be insufficient publicly available information about the proposed transaction and the *shell company* will be unable to assess accurately its financial position and inform the market accordingly. In this case, the *FCA* will often consider that suspension will be appropriate, as set out in LR 5.1.2G(3) and (4). However, the *FCA* may agree with the *shell company* that a suspension is not required if the *FCA* is satisfied that:

(1) there is sufficient publicly available information about the proposed transaction ~~it may agree with the *shell company* that a suspension is not required;~~ or

(2) where the *shell company* is an *issuer* which falls within LR 5.6.5AR(2), the *shell company* has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised.

5.6.9 G ~~LR 5.6.10G to LR 5.6.18R~~ LR 5.6.18FR set out circumstances in which the *FCA* will generally be satisfied that a suspension is not required.

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Reverse takeover by a shell company which falls within LR 5.6.5AR(2): other circumstances where a suspension is not required

5.6.18A G The *FCA* will generally be satisfied that a *shell company* which falls within LR 5.6.5AR(2) has sufficient measures in place to protect investors and so that the smooth operation of the market is not temporarily jeopardised such that a suspension is not required where the following conditions are met:

- (1) at the date of *admission* the aggregate gross cash proceeds received by the *shell company* in consideration for the *listed shares* issued by it to *public shareholders* was at least £100 million;
- (2) the *shell company* has adequate binding arrangements in place with an independent third party to ensure that the aggregate gross cash proceeds received in consideration for any *listed shares* that it has issued, or issues, to *public shareholders* are protected from being used for any purpose other than:
- (a) to provide the consideration for a *reverse takeover* which has been approved by:
- (i) its board in accordance with (4); and
- (ii) its *public shareholders* in accordance with (5);
- (b) to redeem or purchase *listed shares* held by *public shareholders* following the exercise of the right to be redeemed or purchased referred to in (7);
- (c) to be distributed to *public shareholders* if that a *reverse takeover* has not been completed by the date specified in (3);  
or
- (d) to return capital to *public shareholders* in the event of a winding up of the *company*,

provided that a specified amount or proportion of such proceeds may be excluded from the amount which is protected, and may be retained to be used by the *shell company* to fund its operations, where that amount or proportion has been disclosed in the *prospectus* published in relation to the *admission to listing* of the *shell company's shares*;

- (3) the *shell company's constitution*:
- (a) provides that if the *shell company* has not completed a *reverse takeover* on or before the date which is 24 *months* from the date of *admission* it will:
- (i) cease operations on the date which is 24 *months* from the date of *admission*; and
- (ii) distribute the amount protected and referred to in (2) to *public shareholders* as soon as possible after the date specified in (i);
- (b) may provide that the period of 24 *months* referred to in (a) can be extended for a further period of up to 12 *months* provided that any such extension is approved by the *public shareholders*

of the shell company before the end of the period referred to in (a);

- (c) may provide that the period of 24 months referred to in (a), or the extended period referred to in (b), can be extended for a further period of up to 6 months where, before the end of the period referred to in (a) or (b), as applicable:
- (i) the approval of shareholders for a reverse takeover has been obtained but the reverse takeover has not completed;
  - (ii) a general meeting to obtain the approval of shareholders for a reverse takeover has been convened;
  - (iii) the shell company has made an announcement that:
    - (A) a general meeting to obtain the approval of shareholders for a reverse takeover will be convened for a date which is specified in the announcement; and
    - (B) a notice to convene the general meeting referred to in (A) will be sent to shareholders within a specified time following the announcement; or
  - (iv) an agreement for a reverse takeover has been entered into but the reverse takeover has not been completed and the shell company has not made an announcement in accordance with (iii),

provided that any such extension is notified to a RIS before the end of the period referred to in (a) or (b), as applicable.

- (4) the shell company's constitution:
- (a) provides that the shell company must obtain the approval of its board for a reverse takeover before it is entered into; and
  - (b) ensures that the following do not take part in the board's consideration of the reverse takeover and do not vote on the relevant board resolution:
    - (i) any director who is, or an associate of whom is, a director of the target or of a subsidiary undertaking of the target; and
    - (ii) any director who has a conflict of interest in relation to the target or a subsidiary undertaking of the target;

- (5) the shell company's constitution:
- (a) provides that the shell company must obtain the approval of its shareholders for a reverse takeover either:
- (i) before the transaction is entered into; or
- (ii) if the transaction is expressed to be conditional on that approval, before it is completed; and
- (b) ensures that any founding shareholder, sponsor or director does not vote on the relevant resolution;
- (6) the shell company's constitution provides that where any director has a conflict of interest in relation to the target or a subsidiary undertaking of the target, the shell company must publish, in sufficient time before shareholder approval for a reverse takeover is sought, a statement by the board that:
- (a) the proposed transaction is fair and reasonable as far as the public shareholders of the shell company are concerned; and
- (b) the directors have been so advised by an appropriately qualified and independent adviser;
- (7) the holders of the listed shares have the right to require the shell company to redeem or otherwise purchase their shares for a pre-determined amount, which is exercisable:
- (a) at the discretion of the holder prior to completion of a reverse takeover; and
- (b) whether or not the holder voted in favour of the reverse takeover on any shareholder resolution to approve the transaction;
- (8) the shell company has disclosed the matters set out in (2) to (7) in the prospectus published in relation to the admission to listing of the shell company's shares.

5.6.18B R In LR 5.6.18AG:

- (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 sponsor or a director;
- (3) "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*.
- 5.6.18C R (1) In order for the *FCA* to be satisfied for the purposes of *LR 5.6.8G(2)*, the *shell company* must provide a written confirmation from the board to the *FCA* that:
- (a) the conditions set out in *LR 5.6.18AG* have been met; and
  - (b) the conditions set out in *LR 5.6.18AG(2)* to (7) will continue to be met until a *reverse takeover* is completed.
- (2) The *shell company* must provide to the *FCA* evidence of the basis upon which it considers that it meets the conditions set out in *LR 5.6.18AG*, if requested to do so.
- 5.6.18D R (1) Where the *FCA* has agreed that a suspension is not necessary as a result of the *shell company* meeting the conditions set out in *LR 5.6.18AG* and having provided the written confirmation set out in *LR 5.6.18CR*, the *shell company* must make an announcement of the *reverse takeover*.
- (2) The announcement must include:
- (a) a description of the business carried on by the *target*;
  - (b) hyperlinks to all relevant publicly available information on the *target*;
  - (c) all material terms of the proposed transaction, including the expected dilution effect on *public shareholders* from *securities* held by *directors*, *sponsors* or *founding shareholders*, or from new *securities* issued or expected to be issued as part of the transaction;
  - (d) the proposed timetable for the transaction;
  - (e) an indication of how the *target* has been, or will be assessed and valued by the *shell company*, with reference to any selection and evaluation process for prospective target companies set out in the *prospectus* published in relation to the *admission to listing* of the *shell company's* shares; and
  - (f) any other material details and information which the *shell company* is aware of, or ought reasonably to be aware of,

about the *target* or the proposed transaction that an investor in the *shell company* needs to make a properly informed decision.

- (3) If any of the information set out in (2) is not known when the announcement required by (1) is made:
  - (a) the announcement required by (1) must also identify the information set out in (2) which has not been included in that announcement; and
  - (b) the *shell company* must make an announcement of such information as soon as it is known or the *shell company* becomes, or ought reasonably have become, aware of it and in any event in sufficient time before shareholder approval for the *reverse takeover* is sought.

5.6.18E R An announcement made for the purposes of LR 5.6.18DR must be published by means of an RIS.

5.6.18F R The *shell company* must contact the FCA as soon as possible if at any time after the written confirmation referred to in LR 5.6.18CR has been provided to the FCA any of the conditions set out in LR 5.6.18AG(2) to (7) are no longer met to request a suspension of listing.

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**Appendix 1 Relevant definitions**

Insert the following new definitions in the appropriate alphabetical position and amend the existing definitions as shown.

**Appendix 1 Relevant definitions**

**App 1.1 Relevant definitions**

App 1.1.1	...
...	
<i>founding shareholder</i>	<u>as defined in LR 5.6.18BR.</u>
<i>public shareholder</i>	<u>as defined in LR 5.6.18BR.</u>
...	



<i>sponsor</i>	<u>(1)</u>	except in <i>LR 5.6.18AG</i> , a <i>person</i> approved, under section 88 of the <i>Act</i> by the <i>FCA</i> , as a sponsor.
	<u>(2)</u>	in <i>LR 5.6.18AG</i> , as defined in <i>LR 5.6.18BR</i> .