# UKLA Technical Note

# Reverse takeover and uncapped consideration

Ref: UKLA / TN / 314.1 − Guidance Consultation

**LR 5.6 and LR 10**

Before the rule changes made pursuant to Consultation Paper 12/2, the definition of reverse takeover was contained in LR 10.2.2R. The LR 10.2.2R classification of reverse takeover was subject to what was otherwise provided for in Chapter 10. This recognised explicitly that, for example, a transaction where there is uncapped consideration will be treated as a class 1 transaction when other class tests indicate the transaction is a class 2 transaction (LR 10 Annex 1 5R(3)).

Following changes made in response to Consultation Paper 12/2, the definition of reverse takeover was moved into LR 5.6.4R. However, LR 5.6.4R still requires an issuer to apply the class tests in LR 10 when calculating the percentage ratio of a transaction. As such, LR 10 Annex 1 (including LR 10 Annex 1 5R (3)) continues to be relevant for issuers to consider when classifying the transaction.