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SERINUS ENERGY PLC

AIM RULES AND MARKET ABUSE REGULATION COMPLIANCE POLICY

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Adopted at a meeting of the Board held on 3 May 2018

1. INTRODUCTION

- 1.1 This document sets out the policy of Serinus Energy Plc (the “**Company**”) on compliance with the AIM Rules for Companies (as amended from time to time) (“**AIM Rules**” and reference to each rule of the AIM Rules, an “**AIM Rule**”) issued by the London Stock Exchange plc (“**LSE**”) and with the Market Abuse Regulation EU No 596/2014 and technical implementing measures and guidance made under it (“**MAR**” and reference to each article of the MAR, an “**Article**”). The policy applies whilst the Company is quoted on AIM.
- 1.2 The directors of the Company (the “**Directors**”) are responsible for ensuring compliance by the Company with its obligations under the AIM Rules, which state at AIM Rule 31 that an AIM company must ensure that each of its directors accept full responsibility, collectively and individually, for its compliance with the AIM Rules. Sections 3 to 12 of this compliance policy summarise the principal obligations to be observed by the Company as an AIM company and an AIM resources company (as the term is defined within the AIM note for mining and oil and gas companies (which is ordinarily regarded as forming part of the AIM Rules) (the “**AIM Note**”).
- 1.3 In particular, compliance with the obligations relating to disclosure is regarded by the LSE as essential to the maintenance of an orderly market in securities and ensures that all users of the market have simultaneous access to the same information. In addition, the Company and persons discharging managerial responsibilities (“**PDMRs**”) which includes the Directors (and “persons closely associated” with the PDMRs (“**PCAs**”)) have disclosure obligations under the MAR and an obligation to keep insider lists. The Financial Conduct Authority (the “**FCA**”) is responsible for enforcement of the MAR.
- 1.4 Failure by the Company to comply with the AIM Rules may result in the LSE taking one or more courses of action. These include issuing a warning notice, fining or censuring the Company and suspending trading in or cancelling the admission of the Company’s securities. In each case it is open to the LSE to publish the fact of the measures taken against the Company. Failure to comply with the MAR may result in significant penalties being imposed by the FCA on the Company and/or the Directors.
- 1.5 The LSE may from time to time amend the AIM Rules and the Company will be expected to comply with any such amendments.
- 1.6 In addition to the AIM Rules the Company and its Directors should be aware of the AIM Rules for Nominated Advisers (the “**Nomad Rules**”), setting out the responsibilities and obligations of the Company’s nominated adviser (as defined within the AIM Rules) (the “**Nomad**”), and the AIM Disciplinary Procedures and Appeals Handbook, each of which are appended hereto.

2. PRINCIPLES

- 2.1 The Company will comply at all times with the AIM Rules and with the MAR, will maintain in place sufficient procedures, resources and controls to ensure compliance, and will seek advice from its Nomad in this regard, and where appropriate act upon such advice.
- 2.2 The board of Directors (the “**Board**”) will seek advice and guidance without delay from its Nomad at all times in relation to any announcement that the Company may be required to make under the MAR and/or the AIM Rules.

- 2.3 The Company is required to provide to the Nomad such information as the Nomad may reasonably request or require to enable it to carry out its responsibilities under the AIM Rules and the Nomad Rules.
- 2.4 Amongst other things, the Company must inform the Nomad in advance of any proposed change to the Board, any changes that give rise to notification under AIM Rule 17 and any new developments which are not public knowledge concerning a change in: (i) the Company's financial condition; (ii) the Company's sphere of activity; (iii) the performance of the Company's business; or (iv) the expectation of the Company's performance.
- 2.5 The Board will supply any information requested by the Nomad without delay.
- 2.6 The Nomad will be able to contact at least one member of the Board at any time.
- 2.7 The Board will ensure that all the Board meetings and shareholders' meetings are properly and accurately minuted. If required, minutes of the meetings will be provided to the Nomad, the LSE and, where required under the MAR, to the FCA.

3. GENERAL OBLIGATION TO DISCLOSE PRICE SENSITIVE INFORMATION (ARTICLE 17 of the MAR AND AIM RULES 10 & 11)

- 3.1 AIM Rule 10 requires an AIM company to retain a regulatory information service provider ("RIS"). An RIS must be approved by the LSE for the distribution of public announcements and included on the list maintained on its website.
- 3.2 As an AIM company, the Company will have to comply with two obligations with regard to the disclosure of inside information or price sensitive information, owed to two different regulators:
- (a) Article 17 of the MAR to disclose inside information, regulated by the FCA as the UK's competent authority; and
 - (b) AIM Rule 11 to disclose price sensitive information, regulated by AIM Regulation of the LSE.
- 3.3 Compliance with Article 17 of the MAR will not necessarily satisfy AIM Rule 11 obligations and vice versa. Each set of obligations should be considered separately.
- 3.4 **Market Abuse Regulation (MAR)**

- (a) The MAR came into force on 3 July 2016 and establishes a common framework across Europe to prohibit insider dealing, the unlawful disclosure of inside information and market manipulation (Articles 14 and 15 of the MAR) (together in this policy, market abuse). It also governs the disclosure and control by the Company of inside information (Articles 17 and 18 of the MAR) and transactions in shares or debt instruments of the Company by PDMRs, which includes Directors, and their PCAs (Article 19 of the MAR).
- (b) The Company should also have regard to guidelines and Q and A issued by the European Securities & Markets Authority ("**ESMA**"), in which ESMA states that financial market participants must make every effort to comply with: (i) the ESMA guidelines; and (ii) related guidance issued by the FCA in chapters 2 and 3 of the Disclosure Guidance and Transparency Rules sourcebook ("**DTR**").

- (c) The MAR repealed and replaced the EU Market Abuse Directive (“**MAD**”), but unlike MAD, applies directly to issuers of securities traded on any Multilateral Trading Facilities (such as the AIM market (“**AIM**”) operated by the LSE) as well as on regulated markets. The FCA is the UK competent authority for the purposes of monitoring and enforcing the MAR. The LSE aims to ensure that AIM operates properly and so AIM Rule 11 (which operates alongside the disclosure obligation under Article 17 of the MAR) may require disclosure in circumstances where disclosure is not required under Article 17 of the MAR (see further below). The LSE makes it clear that acting in compliance with the MAR does not necessarily mean compliance with AIM Rule 11 and vice versa.
- (d) The principal object of the MAR is to ensure the immediate release of information which might reasonably be expected to have a material effect on the market and to keep the public and shareholders fully informed about the position of the Company.
- (e) The Company must inform the public as soon as possible of inside information that directly concerns it (Article 17(1) of the MAR). The information must be notified via an RIS and the announcement must comply with the MAR implementing technical standards, which require a statement that it is inside information.
- (f) “Inside information” includes information of a precise nature, which has not been made public, relating directly or indirectly to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of either those instruments or related derivative financial instruments (Article 7(1)(a) of the MAR). Information is of "a precise nature" if it indicates a set of circumstances that exists or may reasonably be expected to come into existence, or an event that has occurred or may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to its possible effect on the price of the relevant instrument (Article 7(2) of the MAR).
- (g) Under Article 7(4) of the MAR, information that, if it were it to be made public, would be likely to have a significant effect on price, means information that a reasonable investor would be likely to use as part of the basis of his or her investment decisions.
- (h) It should be noted that the MAR clarifies the position in relation to so-called protracted processes. In a protracted process, such as a transaction involving mergers and acquisitions or placing of shares, each intermediate step may constitute inside information. Each stage of the process needs to be considered to determine whether it constitutes inside information.
- (i) The Company and its advisers are best placed to make an initial assessment of whether any specific information amounts to inside information. Some assistance may be derived from the DTR. However, it remains the FCA's position that no percentage change or other figure may be laid down by which to judge what constitutes a significant effect on the price of financial investments (DTR 2.2.4G(2)).
- (j) Consequently, the Directors should carefully and continuously monitor whether changes in the circumstances of the Company are such that an announcement obligation under Article 17 of the MAR has arisen (DTR 2.2.8G).
- (k) Disclosure may be delayed if and only if all the following conditions are met:

- (i) immediate disclosure is likely to prejudice the legitimate interests of the Company;
 - (ii) the delay is not likely to mislead the public; and
 - (iii) the Company is able to ensure the confidentiality of that information (Article 17(4) of the MAR).
- (l) Where an issuer delays the disclosure of inside information, it must inform the FCA of that fact immediately after making the public announcement of the information (Article 17(5) of the MAR) using the electronic form on the FCA's website. The FCA may request a written explanation of how the conditions set out at paragraph 3.4(k) were met (Article 4 of the Financial Services and Markets Act 2000 (Market Abuse) Regulations 2016). The Disclosure Guidance refers to the possibility of making a holding announcement and/or requesting that trading be temporarily suspended until the issuer is in a position to make an announcement (DTR 2.2.9G).
- (m) Where, disclosure having been delayed, the confidentiality of the relevant inside information can no longer be ensured, the issuer must disclose the information to the public as soon as possible (Article 17(7) of the MAR).
- (n) As required by Article 17(11) of the MAR, ESMA issued guidelines (ESMA/2016/1477) to establish a non-exhaustive indicative list of the legitimate interests of issuers to delay disclosure and of situations in which delay of disclosure of inside information is likely to mislead the public.
- (o) ESMA states that legitimate interests could include:
- (i) negotiations where the outcome would likely be jeopardised by immediate public disclosure, such as mergers, acquisitions, splits and spin-offs, restructuring and reorganisations;
 - (ii) the viability of a company is in grave and immediate danger although not yet insolvent and immediate public disclosure would jeopardise negotiations designed to ensure financial recovery;
 - (iii) immediate disclosure is likely to jeopardise the intellectual property rights of a product or invention under development;
 - (iv) immediate disclosure would likely jeopardise the implementation of a plan to buy or sell a major holding in another entity; or
 - (v) a transaction previously announced is subject to a public authority's approval, where disclosure of the conditions will likely effect the ability to meet them and so prevent the final success of the deal or transaction.
- (p) ESMA states that situations where delay of disclosure is likely to mislead the public include at least the following circumstances, where the inside information:
- (i) is "materially different from the previous public announcement of the issuer on the matter to which the information refers";
 - (ii) "regards the fact that the issuer's financial objectives are not likely to be met, where such objectives were previously public announced"; or

- (iii) is "in contrast with the market's expectations, where such expectations are based on signals the issuer has previously sent to the market, such as interviews, roadshows or any other type of communication organised by the issuer or with its approval".
- 3.5 Pursuant to AIM Rule 11, the Company is under a general duty to notify a RIS (usually undertaken by the Company's Nomad) without delay of any new developments which are not public knowledge and would be likely to lead to a significant movement in the price of its shares, but is not limited to, information which is of a kind which a reasonable investor would be likely to use as part of the basis of his or her investment decisions. For example, this could include a change in its financial condition, its sphere of activity, the performance of its business or its expectation of its performance if it would be likely to lead to a significant movement in the price of any of its securities if it was made public.
- 3.6 The Directors and the Company's advisers will therefore need to decide what information is significant enough to require immediate notification in accordance with the AIM Rule 11. If it is decided that an announcement is required, the information must be kept strictly confidential pending the announcement being made.
- 3.7 It is important that the Directors have a consistent policy for determining what information is sufficiently significant for it to be price sensitive, and for releasing that information promptly to the market, with sufficient controls put in place to prevent information being leaked. This general duty underlies many of the more specific obligations to make announcements set out in the AIM Rules, but the general requirements are additional to this and may be invoked where none of the specific obligations is relevant.
- 3.8 The LSE will expect the Company to consult with its Nomad on whether information is disclosable under AIM Rule 11. Where there is a question as to whether anything is disclosable under the MAR, the Company shall also consult with its Nomad.
- 3.9 The Directors must ensure that relevant information is announced to the market as a whole through an RIS without delay.
- 3.10 If information is considered by the Company and its advisers not to be inside information under Article 17 of the MAR but to be disclosable under AIM Rule 11, the Company may need to consider whether it can delay disclosure. The guidance notes to AIM Rule 11 state that an AIM company need not notify information about impending developments or matters in the course of negotiation and may give such information in confidence to certain categories of recipient.
- 3.11 In such cases, the Company must be satisfied that the recipients of information are aware that the information is confidential and that they are insiders and cannot deal in the securities before the relevant information has been announced.
- 3.12 If the Company has reason to believe that a breach of confidence has occurred or is likely to occur and, in either case, the matter is such that knowledge of it would be likely to lead to a significant movement in the price of its securities, it must without delay issue at least a warning notification to the effect that it expects shortly to release information regarding such matter. Where such information has been made public, the Company must notify an RIS of that information without delay.
- 3.13 The Directors must also make more routine announcements, some of which are contained in specific provisions of the AIM Rules (see the summary at paragraph 6 below).

- 3.14 Any announcement must not be misleading, false or deceptive and must not omit anything likely to affect the import of such information (AIM Rule 10).
- 3.15 Publishing information via social media is not a substitute for making an announcement in accordance with the MAR or the AIM Rules and may give rise to the need to make an announcement via an RIS. Where the Company is required by the MAR or the AIM Rules to announce a piece of information, the Company must ensure the information is announced via an RIS no later than it is published elsewhere (AIM Rule 10).
- 3.16 Subject to the limited ability to delay disclosure under the MAR or AIM Rule 11, care should be taken to avoid making a premature announcement when the whole picture cannot be revealed which might result in the market being misled. Every circumstance must be judged on its merits and early consultation with the Nomad is essential.
- 3.17 In cases of doubt as to the timing of announcements required under Article 17, the Company should consult the FCA at the earliest opportunity (DTR 2.2.9G(4)). Selective disclosure may sometimes be permissible (Article 17(8) of the MAR). However, as the FCA points out, the wider the group of recipients, the greater the likelihood of a leak triggering the need for public disclosure under MAR (DTR 2.5.9G).

4. Insider lists

- (a) The Company must have a framework for the control of inside information including arrangements to deny access to such information to anyone other than those who require it for the exercise of their functions within the Company (DTR 2.6.1G). Under the MAR, the Company must:
- (i) draw up an “insider list”, that is to say, a list of all those who have access to inside information and are working for the company under a contract of employment or otherwise performing tasks through which they have access to inside information (Article 18(1) of the MAR);
 - (ii) promptly update the insider list when needed (Articles 18(1) and (4) of the MAR), as described below; and
 - (iii) provide the insider list to the FCA as soon as possible upon request (Article 18(1) of the MAR).
- (b) The Company will be required to promptly update its insider list (specifying the date and time when the triggering update took place), including the date of the update, if any of the following circumstances take place:
- (i) where there is a change in the reason for including a person already on the insider list;
 - (ii) where there is a new person who has access to inside information and needs, therefore, to be added to the insider list; and
 - (iii) where a person ceases to have access to inside information.
- (c) All reasonable steps must be taken to ensure that each person on the insider list acknowledges (in writing) the legal and regulatory duties entailed and is aware of the civil sanctions applicable to insider dealing and the unlawful disclosure of inside information. Even when a third party assumes the task of drawing up and

updating the insider list, the Company remains fully responsible and must always have access to the list (including insider lists maintained by advisers).

- (d) The insider list, which must be in electronic format, must follow one of two prescribed templates, depending on whether an issuer has identified “permanent insiders” (those who have access to all inside information at all times). The list will contain as many sections as there are different categories of inside information, whether deal-specific or event-based. Each section of the insider list must include certain prescribed information, including the identity of each person with access to the relevant inside information, the reason they are on the insider list, the date on which the insider list was drawn up and the date and time at which they obtained access to the inside information (Article 18(3) of the MAR). Insider lists must be updated as individuals are added or removed and kept for at least five (5) years after they were drawn up or last updated (Article 18(5) of the MAR). Given the amount of personal data contained, they must be kept securely.
- (e) When Market in Financial Instruments Directive 2014/65/EU (MiFID II) comes into force (3 January 2018) AIM companies should become exempt from drawing up insider lists, but must take all reasonable steps to ensure an acknowledgment of the legal and regulatory duties from any person who has access to inside information and must provide an insider list to the FCA on request. In practice, the Company will be best advised to keep maintaining insider lists.

4.2 Resources Companies

Resource companies, such as the Company, to which the AIM Note applies are subject to certain additional requirements in respect of any notification that contains a statement on reserves and/or resources in which the Company has an interest. These requirements are set out in Part two of the Note for Mining and Oil and Gas Companies appended at Schedule 1A hereto.

4.3 Suspensions relating to AIM Rules 10 and 11

- (a) In some circumstances an AIM company may not be able to make an announcement without delay as required by AIM Rule 11 which satisfies the principles for the disclosure of information in AIM Rule 10. In issue 4 of Inside AIM (published September 2011), the LSE noted that this challenge may be particularly relevant to resources companies (or companies in other sectors dealing with technical information) where certain results must be evaluated. In such circumstances, the AIM company should notify its nominated adviser, who should contact AIM Regulation at the earliest opportunity. AIM Regulation may allow a suspension of the AIM company’s securities pursuant to AIM Rule 40 if such company cannot make an immediate notification or is concerned that such notification may be insufficient to properly inform the market. The following points relating to suspensions are made:
 - (i) In most cases, AIM Regulation would expect the request and the reason for the suspension to be notified to the market by the AIM company.
 - (ii) A suspension should not be for a prolonged period of time. The AIM company should use its best endeavours to ensure that it makes a further announcement as soon as possible which will enable the suspension to be lifted.

- (iii) AIM Regulation is unlikely to agree to a suspension request which is made for administrative reasons or marketing convenience.
- (iv) AIM Regulation states, however, that situations where a suspension is allowed will be rare and that it is usually possible for a company to make the required announcement, even though it may be commercially sensitive.
- (v) The guidance notes to AIM Rule 40 clarify that where, despite using all reasonable endeavours, an AIM company is unable to make a required notification under AIM Rule 10, it should request a suspension. The suspension will be at the discretion of the LSE.

4.4 **AIM Rule 11**

- (a) The AIM Note provides that exploration drilling updates are required under AIM Rule 11 and sets out the minimum information that should be included (see Part Two of the AIM Note). As is the case for resource updates, a qualified person from the company or an appointed adviser should review and sign off each drilling update. The notification must include their name, position and qualifications and a statement that they have reviewed the information in the notification. The nominated adviser of the AIM company will also still review these types of notifications in the usual way.
- (b) Each resources update (being any notification that contains a statement on reserves or resources in which the AIM company has an interest) should specify which of the internationally recognised standards listed in the AIM Note (a “**Standard**”) has been used to prepare the update. If it is not possible for the AIM company to adhere to a Standard because it is required to comply with AIM Rule 11 without delay, it must make sure that any reserves or resources estimate is accurate and not false or misleading. The AIM company must then notify the estimate in accordance with a Standard as soon as practicable thereafter (see Part Two of the AIM Note).

5. **ROUTINE OBLIGATIONS TO DISCLOSE (AIM RULE 17)**

AIM Rule 17 sets out a number of requirements which oblige companies to notify the market on the happening of certain events, and each Director shall ensure that that he discloses to the Company all information of which he is aware and is required to be disclosed pursuant to AIM Rule 17. These include the following:

5.1 **Change in adviser and/or broker**

The Company must notify an RIS without delay of the resignation, dismissal or appointment of its Nomad or broker.

5.2 **Notification of changes in significant shareholdings**

The Company must notify an RIS without delay of any relevant changes to any shareholdings of significant shareholders (being persons holding three per cent. (3%) or more of a class of quoted securities in the Company). Such notification should include the information specified in Schedule 5 of the AIM Rules.

5.3 Board changes

- (a) The Company should notify the Nomad of the intention to appoint a director without delay, allowing sufficient time for appropriate due diligence procedures to be carried out and required disclosure under the AIM Rules to be agreed, prior to the appointment being made.
- (b) The Company must notify an RIS without delay of the resignation, dismissal or appointment of any Director. The Company must consider whether this is “inside information” for the purposes of the MAR and/or disclosable under AIM Rule 11 (see above).
- (c) Such notification must include the date of such occurrence and for an appointment, must include the information on any new Director set out in Schedule 2(g) of the AIM Rules, relating to all directorships held by that new director over the previous five (5) years, any unspent convictions, details of bankruptcies, receiverships or any public criticisms of that new Director by any statutory or regulatory authorities (see paragraph (g) of Schedule 2 of the AIM Rules) as well as any shareholding in the Company.
- (d) Any subsequent changes to the details disclosed pursuant to sub-paragraphs (iii) to (viii) inclusive of paragraph (g) of Schedule 2, whether such details were first disclosed at admission or on subsequent appointment.

5.4 Material changes in performance

The Company must notify an RIS without delay of any material change between its actual trading performance or financial condition and any profit forecast, estimate or projection included in an admission document or otherwise made public on its behalf. The Company must consider whether such a material change is “inside information” for the purposes of the MAR and/or disclosable under AIM Rule 11 (see above).

5.5 Other disclosures

- (a) AIM Rule 17 requires the Company to notify an RIS without delay of a number of other matters, including changes in accounting reference dates and reasons for the issue or cancellation of any quoted securities by the Company.
- (b) The Company must also notify an RIS without delay of any decision to make any payment in respect of its quoted securities (which would include dividends).

5.6 PDMR/PCA Dealing Notifications

- (a) The PDMRs of the Company and their PCAs must notify both the Company and the FCA of any transactions in or related to the Company’s shares and related financial instruments which have been conducted by them or on their account within three (3) business days of the transaction date (Article 19(1) of the MAR). Notification must be made electronically on the PDMR notification form on the FCA website.
- (b) The Company is under an obligation to make the notifications public within three (3) business days of the transaction date.
- (c) A PDMR is a Director and may include a senior executive who is not a Director but has both access to inside information and the power to take managerial

decisions affecting the Company's further development and business prospects (DTR 3.1.2A).

- (d) PCAs include a spouse or civil partner of a PDMR, a child under 18 and any relative who has shared the same household as the PDMR for a least one year before the date of the transaction and companies, trusts or partnerships controlled by the PDMR or any such persons, or set up for their benefit, or the economic interests of which are substantially equivalent to those of such persons.

6. REPORTING AND FINANCIAL INFORMATION

6.1 Half-yearly reports (AIM Rule 18)

The Company must prepare a half-yearly report in respect of the six (6) month period from the end of the financial period for which financial information has been disclosed in an admission document, and at least every subsequent six months thereafter (save for the final period of six (6) months preceding its accounting reference date for its annual audited accounts). These must be notified to an RIS (AIM Rule 18) without delay and in any event within three (3) months of the end of the relevant period.

6.2 Annual accounts (AIM Rule 19)

The Company must publish its annual audited accounts prepared in accordance with International Accounting Standards. These must be sent to the holders of the Company's securities without delay and in any event not later than six (6) months after the end of the financial period to which they relate.

6.3 Publication of documents sent to shareholders (AIM Rule 20)

Any document provided by the Company to the holders of its quoted securities (including the accounts) must be made available on the Company's website pursuant to AIM Rule 26 (see below) and its provision must be notified and an electronic copy sent to the LSE.

7. RESTRICTIONS ON DEALINGS (ARTICLE 19 of the MAR AND AIM RULE 21)

- 7.1 A number of restrictions are imposed upon dealings in the Company's securities. The Company is required to have in place a reasonable and effective dealing policy setting out the requirements and procedures for Directors and applicable employees dealings in any of its securities, which have been admitted to trading (AIM Rule 21). These restrictions which are set out in the Company's share dealing policy (the "**Dealing Policy**") consistent with the MAR and have been approved by the Board on 3 May 2018 and posted on the Company's website.

- 7.2 Under the MAR, a PDMR must not conduct any transactions on their own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of the Company, or to derivatives or other financial instruments linked to them, during a "closed period" of 30 calendar days before the announcement of its annual or half-yearly financial reports (Article 19(11) of the MAR). If the Company issues a preliminary statement of its annual results, the 30 calendar days ends on the date of the preliminary statement. There are some strictly limited exceptions to this prohibition, for example, where a PDMR is in severe financial difficulty and also in relation to employee share schemes, but in each case only where the Company so allows.

8. SUBSTANTIAL TRANSACTIONS AND REVERSE TAKEOVERS (AIM RULES 12 AND 14)

8.1 Classification

- (a) The AIM Rules classify acquisitions and disposals according to the size of the transaction relative to that of the Company by reference to “percentage ratios”. In summary, classifications are calculated by reference to the percentage ratios represented by the respective gross assets, profits, turnover and gross capital of the transaction and the Company. Additionally, the percentage ratio of the consideration for the transaction to the market capitalisation of the Company must also be considered (Schedule 3 of the AIM Rules).
- (b) Where any of the percentage ratios in any of the class tests is 10 per cent. (10%) or more, the relevant transaction is deemed a “substantial transaction” (AIM Rule 12).
- (c) In addition, an acquisition or a series of acquisitions in a 12 month period by the Company: (i) where any of the percentage ratios in any of the class tests is 100 per cent. (100%) or more; or (ii) which would result in a fundamental change in the business or in a change in board or voting control of the Company, would be considered a “reverse takeover” (AIM Rule 14).
- (d) If the Company proposes to enter into a transaction which could be a substantial transaction or reverse takeover and there is any doubt as to whether or to what extent the relevant provisions of the AIM Rules apply, the Company must consult its Nomad at an early stage.

8.2 Aggregation (AIM Rule 16)

- (a) Transactions completed during the 12 months prior to the date of the latest transaction and which:
 - (i) are entered into by the Company with the same person or their families;
 - (ii) involve the acquisition or disposal of securities or an interest in one particular business; or
 - (iii) together lead to a principal involvement in a business activity which did not previously form part of the Company’s principal activities,

must be aggregated for the purpose of determining whether the latest transaction would be considered a significant transaction or a reverse takeover.

8.3 Obligation to notify

- (a) Substantial transactions and reverse takeovers must be notified to an RIS without delay after the terms of the transaction are agreed. The requirements as to the contents of such announcement include (Schedule 4 of the AIM Rules):
 - (i) particulars of the transaction;
 - (ii) the consideration;
 - (iii) the value of the assets which are the subject of the transaction;

- (iv) the profits attributable to the assets which are the subject of the transaction; and
- (v) the effect of the transaction on the AIM company.

8.4 Admission documents and shareholder approval

Any agreement which would effect a reverse takeover must be conditional upon shareholder approval being obtained in general meeting and accompanied by the publication of an admission document in respect of the proposed enlarged entity and convening the general meeting (AIM Rule 14).

9. TRANSACTIONS WITH RELATED PARTIES (AIM RULE 13)

9.1 Where any transaction is proposed between the Company and a "related party" and one of the percentage ratios in any of the class tests is five per cent. (5%) or more (see paragraphs 8.1 and 8.2), the Company must make an announcement without delay as soon as the terms are agreed disclosing:

- (a) the information specified in Schedule 4 of the AIM Rules;
- (b) the name of the related party and the extent of their interest in the transaction; and
- (c) a statement to the effect that (with the exception of any Director who is involved in the transaction as a related party) the Directors consider, having consulted with the Company's Nomad that the terms of the transaction to be fair and reasonable insofar as the holders of AIM quoted securities in the Company are concerned.

9.2 A "related party" is defined in the AIM Rules and includes a director of the Company or any subsidiary or parent undertaking, a holder of 10 per cent. (10%) or more of any class of listed securities of the Company, currently or within the twelve months preceding the date of the transaction, and any associate of these persons.

9.3 If the Company proposes to enter into a transaction which could be a transaction with a related party and there is any doubt as to whether or to what extent the relevant provisions of the AIM Rules apply, the Company must consult its Nomad at an early stage.

10. FUNDAMENTAL CHANGES OF BUSINESS (AIM RULE 15)

10.1 Any disposal by the Company which, when aggregated with any other disposal or disposals over the previous twelve months, exceeds 75 per cent in any of the class tests, will be deemed to be a disposal resulting in a "fundamental change of business" and must, as a result, be:

- (a) conditional on the consent of its shareholders being given in general meeting;
- (b) notified without delay to via a RIS in accordance with the AIM Rules; and
- (c) accompanied by the publication of a circular containing (inter alia) details of the disposal and any proposed change in business, and convening the general meeting.

10.2 Where the effect of the disposal is to divest the Company of (or where the Company will cease to own, conduct or control) all, or substantially all, of its trading business, activities or assets, the Company will, upon disposal, be treated as an "AIM Rule 15 cash shell".

Within six months of becoming an AIM Rule 15 cash shell, the Company will then have to make an acquisition or acquisitions which constitute a reverse takeover (as previously discussed in section 7) and the Company will be required to publish an Admission Document. If the Company becomes an “investing company” pursuant to Rule 8 of the AIM Rules, this will be treated as a reverse takeover.

11. MAINTENANCE OF WEBSITE (AIM RULE 26 AND ARTICLE 17(1) of the MAR)

11.1 The Company will be required, from admission, to maintain a website on which specified information must be available free of charge. This information must be kept up-to-date and must state the last date on which it was updated. The information required is set out in AIM Rule 26.

11.2 Under Article 17(1) of the MAR the Company must post and maintain on its website for at least five (5) years all inside information it is required to disclose publicly.

12. RESPONSIBILITIES

12.1 Board Meetings

(a) The chief executive officer of the Company (the “**CEO**”) is responsible, at Board meetings, to report to the Board all information material to the operations of the Company. There will be a standing item on each agenda headed “Disclosure Requirements”.

(b) The Board is responsible for all regulatory disclosure requirements including those required by the MAR and for the oversight of the Company’s disclosure practices.

(c) The Board shall designate one or more Director(s) to liaise with the Nomad (each a “**Designated Director**”) at all times and in the event that the Designated Director(s) is(are) unavailable, the Board must make suitable arrangements for another Director to be available.

(d) The Board must approve all disclosures under this Policy.

12.2 Between Board Meetings

(a) The CEO is required to advise the chairman of the Board (the “**Chairman**”) and the Nomad immediately if they become aware of information which they believe should be disclosed under the AIM Rules.

(b) Other Directors must advise the Chairman, the CEO and Nomad immediately if they become aware of information which they believe should be disclosed under the AIM Rules.

(c) A similar procedure set out in clause 12.1 above must be followed.

(d) All Directors must ensure that they are conversant with what constitutes information material to the Company’s share price, and they should contact the Nomad if they require guidance on this concept.

12.3 Process of Disclosure

- (a) Once it has been determined that information must be disclosed, a Designated Director shall liaise with the Nomad to agree and approve required disclosure in order for the information to be provided to an RIS as soon as possible.
- (b) Once an RIS has confirmed the release of the information to the market, the Company will post the information on its website and may disseminate the information to the media and/or public. It shall not do so until the confirmation from an RIS has been received and Directors and other insiders must be careful to ensure that they do not disclose any details of the situation or matter via social media. This applies whether the social media account is the Company's account or a personal account.
- (c) The Company designates a limited number of spokespersons with authority for communication with the investment community and the media (the "**Designated Spokespersons**"). Individuals holding these offices may, from time to time, designate others within the Company to speak on behalf of the Company regarding a specific matter or to respond to specific enquiries.
- (d) Where information about the Company is transmitted by a Director or other person via social media, rather than through a more "formal" channel, it is important that the information is accurate and consistent with statements made by the Company in the relevant RIS announcement and that it is transmitted by or with the approval of a Designated Spokesperson and that it is otherwise consistent with the Company's communications strategy.

12.4 Standing Requirements

- (a) As soon as the Board is aware of any information which may require an announcement to be made under the MAR or AIM Rules 11 and 17, the Nomad must be consulted immediately and, if disclosure is warranted, an announcement shall be made as soon as possible. The Designated Director shall arrange for the establishment and maintenance of insider lists, as required.
- (b) The Board or the Designated Director must as soon as reasonably practicable consult with the Nomad if the Company is considering entry in to any substantial transaction falling within AIM Rule 12, related party transaction falling within AIM Rule 13 or reverse takeover falling within AIM Rule 14.
- (c) The Chairman and the CEO will ensure that all Directors or other PDMRs have been given a copy of the Dealing Policy and acknowledge that they have read and understood it and that all PDMRs provide the Company with a list of their PCAs and notify each of their PCAs in writing of the PCA's notification obligations under the MAR.
- (d) The Board or a Designated Director will notify the Nomad immediately if it becomes aware of any breach by the Company and/or any Director of the MAR or the AIM Rules and request the advice and guidance of the Nomad regarding all matters relevant to the Company's compliance with the MAR and the AIM Rules and, where appropriate, taking advice into account.
- (e) The Board or a Designated Director will provide to the Nomad such information as the Nomad may request to enable compliance with the Nomad Rules.

- (f) All Directors and relevant employees should be reminded of the Company's process of disclosure at appropriate intervals.

SCHEDULE 1 – AIM RULES



London
Stock Exchange

AIM Rules for Companies

March 2018

AIM Rules for Companies

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Introduction

AIM opened on 19 June 1995. **AIM** is a market for smaller and growing companies and is a multilateral trading facility within the meaning set out in the Handbook of the **FCA** and is a **SME growth market**¹. **AIM** is operated and regulated by the **Exchange** in its capacity as a Recognised Investment Exchange under Part XVIII of **FSMA 2000**, as such **AIM** is a prescribed market under **FSMA 2000**.

This document contains the AIM Rules for Companies (“these rules”) which set out the rules and responsibilities in relation to **AIM companies**. Defined terms are in bold and definitions can be found in the Glossary.

AIM companies also need to comply with any relevant national law and regulation as well as certain European Commission Directive standards and regulations where applicable, such as **MAR**, the **DTR** and the **Prospectus Rules**.

From time to time the **Exchange** issues separate **Notes** on specific issues which may affect certain **AIM companies**. The **Notes** form part of these rules.

Where an **AIM company** has concerns about the interpretation of these rules, it should consult its **nominated adviser**.

The rules relating to the eligibility, responsibilities and disciplining of **nominated advisers** are set out in the separate rulebook, **AIM Rules for Nominated Advisers**.

The procedures relating to disciplinary and appeals matters are set out in the **Disciplinary Procedures and Appeals Handbook**.

The rules for trading **AIM securities** are set out in “Rules of the London Stock Exchange”.

¹ AIM was registered as a **SME growth market** on 3 January 2018

Part One – AIM Rules

Retention and role of a nominated adviser

1. In order to be eligible for **AIM**, an **applicant** must appoint a **nominated adviser** and an **AIM company** must retain a **nominated adviser** at all times.

The **nominated adviser** is responsible to the **Exchange** for assessing the appropriateness of an **applicant** for **AIM**, or an existing **AIM company** when appointed as its **nominated adviser**, and for advising and guiding an **AIM company** on its responsibilities under these rules.

The responsibilities of **nominated advisers** are set out in the **AIM Rules for Nominated Advisers**.

If an **AIM company** ceases to have a **nominated adviser** the **Exchange** will suspend trading in its **AIM securities**. If within one month of that suspension the **AIM company** has failed to appoint a replacement **nominated adviser**, the **admission** of its **AIM securities** will be **cancelled**.

Applicants for AIM

Early notification and pre-admission announcement

2. An **applicant's nominated adviser** must submit an early notification to the **Exchange**, in the form prescribed from time to time, as soon as reasonably practicable and in any event prior to the submission of any **Schedule One** information.

An **applicant** must provide the **Exchange**, at least ten **business days** before the expected date of **admission** to **AIM**, with the information specified by **Schedule One**. A **quoted applicant** must provide the **Exchange**, at least twenty **business days** before the expected date of **admission** to **AIM**, with the information specified in **Schedule One** and its supplement.

If there are any changes to such information prior to **admission**, the **applicant** must advise the **Exchange** immediately by supplying details of such changes. Where, in the opinion of the **Exchange**, such changes result in the information being significantly different from that originally provided, the **Exchange** may delay the expected date of **admission** for a further ten **business days** (or twenty **business days** in the case of a **quoted applicant**).

The **Exchange** will **notify RNS** of information it receives under this rule.

Admission document

3. An **applicant** must produce an **admission document** disclosing the information specified by **Schedule Two**.

An **applicant** must take reasonable care to ensure that the information contained in the

admission document is, to the best of the knowledge of the **applicant**, in accordance with the facts and contains no omission likely to affect the import of such information.

A **quoted applicant** is not required to produce an **admission document** unless it is required to publish a **Prospectus** in relation to the issue of **AIM securities** which are the subject of **admission**.

Omissions from admission documents

4. The **Exchange** may authorise the omission of information from an **admission document** (other than a **Prospectus**) of an **applicant** where its **nominated adviser** confirms that:
 - the information is of minor importance only and not likely to influence assessment of the **applicant's** assets and liabilities, financial position, profits and losses and prospects; or
 - disclosure of that information would be seriously detrimental to the **applicant** and its omission would not be likely to mislead investors with regard to facts and circumstances necessary to form an informed assessment of the **applicant's** securities.

Application documents

5. At least three **business days** before the expected date of **admission**, an **applicant** must submit to the **Exchange** a completed **application form** and an electronic version of its **admission document**. These must be accompanied by the **nominated adviser's declaration** required by the **AIM Rules for Nominated Advisers**.

At least three **business days** before the expected date of **admission**, a **quoted applicant** must submit to the **Exchange** an electronic version of its latest annual accounts and a completed **application form**. These must be accompanied by the **nominated adviser's declaration** required by the **AIM Rules for Nominated Advisers**.

The **AIM fee** will be invoiced to the **applicant** and should be paid pursuant to rule 37.

Admission to AIM

6. **Admission** becomes effective only when the **Exchange** issues a **dealing notice** to that effect.

Special conditions for certain applicants

Lock-ins for new businesses

7. Where an **applicant's** main activity is a business which has not been independent and earning revenue for at least two years, it must ensure that all **related parties** and **applicable employees** as at the date of **admission** agree not to dispose of any interest in its securities for one year from the **admission** of its securities.

This rule will not apply in the event of an intervening court order, the death of a party who has been subject to this rule or in respect of an acceptance of a takeover offer for the **AIM company** which is open to all **shareholders**.

Investing companies

8. Where the **applicant** is an **investing company**, a condition of its **admission** is that it raises a minimum of £6 million in cash via an equity fundraising on, or immediately before, **admission**.

An **investing company** must state and follow an **investing policy**.

An **investing company** must seek the prior consent of its **shareholders** in a general meeting for any material change to its **investing policy**.

Where an **investing company** has not substantially implemented its **investing policy** within eighteen months of **admission**, it should seek the consent of its **shareholders** for its **investing policy** at its next annual general meeting and on an annual basis thereafter, until such time that its **investing policy** has been substantially implemented.

Other conditions

9. Where matters are brought to the attention of the **Exchange** which could affect an **applicant's** appropriateness for **AIM**, it may refuse an **admission to AIM**, delay an **admission to AIM** and/or make the **admission** of an **applicant** subject to special conditions. The **Exchange** will inform the **applicant's nominated adviser** and may **notify RNS** that it has asked the **applicant** and its **nominated adviser** to undertake further due diligence.

Circumstances where the **Exchange** is likely to refuse an **admission to AIM** include where it considers that:

- the **applicant** does not or will not comply with any special condition which the **Exchange** considers appropriate and of which the **Exchange** has informed the **applicant's nominated adviser**; or
- the **applicant's** situation is such that **admission** may be detrimental to the orderly operation, the reputation and/or integrity of **AIM**.

Admission to AIM is at the **Exchange's** discretion. No **applicant** has a right for its securities to be **admitted** to trading on **AIM** even if it meets the requirements of Part One of these rules.

Principles of disclosure

10. The information which is required by these rules must be **notified** by the **AIM company** no later than it is published elsewhere. An **AIM company** must retain a **Regulatory Information Service** provider to ensure that information can be **notified** as and when required.

An **AIM company** must take reasonable care to ensure that any information it **notifies** is not misleading, false or deceptive and does not omit anything likely to affect the import of such information.

It will be presumed that information **notified** to a **Regulatory Information Service** is required by these rules or other legal or regulatory requirement, unless otherwise designated.

General disclosure of price sensitive information

11. An **AIM company** must issue **notification** without delay of any new developments which are not public knowledge which, if made public, would be likely to lead to a significant movement in the price of its **AIM securities**. By way of example, this may include matters concerning a change in:

- its financial condition;
- its sphere of activity;
- the performance of its business; or
- its expectation of its performance.

Disclosure of corporate transactions

Substantial transactions

12. A substantial transaction is one which exceeds 10% in any of the **class tests**. It includes any transaction by a subsidiary of the **AIM company** but excludes any transactions of a revenue nature in the ordinary course of business and transactions to raise finance which do not involve a change in the fixed assets of the **AIM company** or its subsidiaries.

An **AIM company** must issue **notification** without delay as soon as the terms of any substantial transaction are agreed, disclosing the information specified by **Schedule Four**.

Related party transactions

13. This rule applies to any transaction whatsoever with a **related party** which exceeds 5% in any of the **class tests**.

An **AIM company** must issue **notification** without delay as soon as the terms of a transaction with a **related party** are agreed disclosing:

- the information specified by **Schedule Four**;
- the name of the **related party** concerned and the nature and extent of their interest in the transaction; and
- a statement that with the exception of any **director** who is involved in the transaction as a **related party**, its **directors** consider, having consulted with its **nominated adviser**, that the terms of the transaction are fair and reasonable insofar as its **shareholders** are concerned.

Reverse takeovers

14. A reverse takeover is any acquisition or acquisitions in a twelve month period which for an **AIM company** would:
- exceed 100% in any of the **class tests**; or
 - result in a fundamental change in its business, board or voting control; or
 - in the case of an **investing company**, depart materially from its **investing policy** (as stated in its **admission document** or approved by **shareholders** in accordance with these rules).

Any agreement which would effect a reverse takeover must be:

- conditional on the consent of its **shareholders** being given in general meeting;
- **notified** without delay disclosing the information specified by **Schedule Four** and insofar as it is with a **related party**, the additional information required by rule 13; and
- accompanied by the publication of an **admission document** in respect of the proposed enlarged entity and convening the general meeting.

Where **shareholder** approval is given for the reverse takeover, trading in the **AIM securities** of the **AIM company** will be **cancelled**. If the enlarged entity seeks

admission, it must make an application in the same manner as any other **applicant** applying for **admission** of its securities for the first time.

Fundamental changes of business

15. Any disposal by an **AIM company** which, when aggregated with any other disposal(s) over the previous twelve months, exceeds 75% in any of the **class tests**, is deemed to be a disposal resulting in a fundamental change of business and must be:
- conditional on the consent of its **shareholders** being given in general meeting;
 - **notified** without delay disclosing the information specified by **Schedule Four** and insofar as it is with a **related party**, the additional information required by rule 13; and
 - accompanied by the publication of a circular containing details of the disposal and any proposed change in business together with the information specified above and convening the general meeting.

Divestment or Cessation

- Where the effect of a disposal is to divest the **AIM company** of all, or substantially all, of its trading business, activities or assets; and/or
- Where an **AIM company** takes any other action, the effect of which is that it will cease to own, control or conduct all, or substantially all, of its existing trading business, activities or assets (in which case such action should be **notified** without delay and include all relevant information that **shareholders** may require)

upon completion of the disposal or action, the **AIM company** will be regarded as an **AIM Rule 15 cash shell**.

Within six months of becoming an **AIM Rule 15 cash shell**, the **AIM company** must make an acquisition or acquisitions which constitutes a reverse takeover under rule 14. For the purposes of this rule only, becoming an **investing company** pursuant to rule 8 (including the associated raising of funds as specified in rule 8) will be treated as a reverse takeover and the provisions of rule 14 will apply including the requirement to publish an admission document.

Where an **AIM company** became an **investing company** (pursuant to rule 15) prior to 1 January 2016, the requirements of rule 15 set out in the AIM Rules for Companies (May 2014) will continue to apply. Accordingly, if such a company does not make an acquisition or acquisitions which constitutes a reverse takeover under rule 14 or otherwise fails to implement its **investing policy** to the satisfaction of the **Exchange** within twelve months of becoming an **investing company** in accordance with that rule, the **Exchange** will suspend trading in the **AIM securities** pursuant to rule 40.

Aggregation of transactions

16. Transactions completed during the twelve months prior to the date of the latest transaction must be aggregated with that transaction for the purpose of determining whether rules 12, 13, 14 and/or 19 apply where:
- they are entered into by the **AIM company** with the same **person** or **persons** or their **families**; or
 - they involve the acquisition or disposal of securities or an interest in one particular business; or
 - together they lead to a principal involvement in any business activity or activities which did not previously form a part of the **AIM company's** principal activities.

Disclosure of miscellaneous information

17. An **AIM company** must issue **notification** without delay of:
- any **relevant changes** to any **significant shareholders**, disclosing, insofar as it has such information, the information specified by **Schedule Five**;
 - the resignation, dismissal or appointment of any **director**, giving the date of such occurrence and for an appointment, the information specified by **Schedule Two paragraph (g)** and any shareholding in the company;
 - any change in its accounting reference date;
 - any change in its registered office address;
 - any change in its legal name;
 - any material change between its actual trading performance or financial condition and any profit forecast, estimate or projection included in the **admission document** or otherwise made public on its behalf;
 - any decision to make any payment in respect of its **AIM securities** specifying the net amount payable per security, the payment date and the **record date**;
 - the reason for the application for **admission** or **cancellation** of any **AIM securities** and consequent number of **AIM securities** in issue;
 - the occurrence and number of shares taken into and out of treasury, as specified by **Schedule Seven**;
 - the resignation, dismissal or appointment of its **nominated adviser** or **broker**;
 - any change in the website address at which the information required by rule 26 is available;
 - any subsequent change to the details disclosed pursuant to sub-paragraphs (iii) to (viii) inclusive of paragraph (g) of **Schedule Two**, whether such details were first disclosed at **admission** or on subsequent appointment;
 - the admission to trading (or cancellation from trading) of the **AIM securities** (or any other securities issued by the **AIM company**) on any other exchange or trading platform, where such admission or cancellation is at the application or agreement of the **AIM company**. This information must also be submitted separately to the **Exchange**.

Half-yearly reports

18. An **AIM company** must prepare a half-yearly report in respect of the six month period from the end of the financial period for which financial information has been disclosed in its **admission document** and at least every subsequent six months thereafter (apart from the final period of six months preceding its accounting reference date for its annual audited accounts). All such reports must be **notified** without delay and in any event not later than three months after the end of the relevant period.

The information contained in a half-yearly report must include at least a balance sheet, an income statement, a cash flow statement and must contain comparative figures for the corresponding period in the preceding financial year (apart from the balance sheet which may contain comparative figures from the last balance sheet **notified**). Additionally the half-yearly report must be presented and prepared in a form consistent with that which will

be adopted in the **AIM company's** annual accounts having regard to the accounting standards applicable to such annual accounts.

Annual accounts

19. An **AIM company** must publish annual audited accounts which must be sent to its **shareholders** without delay and in any event not later than six months after the end of the financial year to which they relate.

An **AIM company** incorporated in an **EEA country** must prepare and present these accounts in accordance with **International Accounting Standards**. Where, at the end of the relevant financial period, such company is not a parent company, it may prepare and present such accounts either in accordance with **International Accounting Standards** or in accordance with the accounting and company legislation and regulations that are applicable to that company due to its country of incorporation.

An **AIM company** incorporated in a **non-EEA country** must prepare and present these accounts in accordance with either:

- International Accounting Standards;
- US Generally Accepted Accounting Principles;
- Canadian Generally Accepted Accounting Principles;
- Australian International Financial Reporting Standards (as issued by the Australian Accounting Standards Board); or
- Japanese Generally Accepted Accounting Principles.

The accounts produced in accordance with this rule must provide disclosure of:

- any transaction with a **related party**, whether or not previously disclosed under these rules, where any of the **class tests** exceed 0.25% and must specify the identity of the **related party** and the consideration for the transaction; and
- details of **directors' remuneration** earned in respect of the financial year by each **director** of the **AIM company** acting in such capacity during the financial year.

Publication of documents sent to shareholders

20. Any document provided by an **AIM company** to its **shareholders**, must be made available pursuant to rule 26 without delay, and its provision must be **notified**.

An electronic copy of any such document must be sent to the **Exchange**.

Dealing policy

21. An **AIM company** must have in place from **admission** a reasonable and effective dealing policy setting out the requirements and procedures for **directors' and applicable employees** dealings in any of its **AIM securities**. At a minimum, an **AIM company's** dealing policy must set out the following:

- the **AIM company's** close periods during which **directors** and **applicable employees** cannot deal;

- when a **director** or **applicable employee** must obtain clearance to deal in the **AIM securities** of the **AIM company**;
- an appropriate person(s) within the **AIM company** to grant clearance requests;
- procedures for obtaining clearance for dealing;
- the appropriate timeframe for a **director** or **applicable employee** to deal once they have received clearance;
- how the **AIM company** will assess whether clearance to deal may be given; and
- procedures on how the **AIM company** will **notify** deals required to be made public under **MAR**.

Provision and disclosure of information

22. The **Exchange** may require an **AIM company** to provide it with such information in such form and within such limit as it considers appropriate. The **Exchange** may also require the **AIM company** to publish such information.

For the avoidance of doubt, where the **Exchange** has jurisdiction pursuant to rule 43, rule 22 shall continue to apply to a company which ceases to have a class of securities **admitted** to trading on **AIM**, as if it were an **AIM company**.

23. The **Exchange** may disclose any information in its possession as follows:
- to co-operate with any **person** responsible for supervision or regulation of financial services or for law enforcement;
 - to enable it to discharge its legal or regulatory functions, including instituting, carrying on or defending proceedings; or
 - for any other purpose where it has the consent of the **person** from whom the information was obtained and, if different, the **person** to whom it relates.

Corporate action timetables

24. An **AIM company** must inform the **Exchange** in advance of any **notification** of the timetable for any proposed action affecting the rights of its existing **shareholders**.
25. Any amendments to the timetable proposed by the **AIM company**, including amendment to the publication details of a **notification**, must be immediately disclosed to the **Exchange**.

Company information disclosure

26. Each **AIM company** must from **admission** maintain a website on which the following information should be available, free of charge:
- a description of its business and, where it is an **investing company**, its **investing policy** and details of any **investment manager** and/or key personnel;
 - its country of incorporation and main country of operation;
 - its current constitutional documents (e.g. its articles of association);

- details of any other exchanges or trading platforms on which the **AIM company** has applied or agreed to have any of its securities (including its **AIM securities**) admitted or traded;
- the number of **AIM securities** in issue (noting any held as **treasury shares**) and, insofar as it is aware, the percentage of **AIM securities** that is **not in public hands** together with the identity and percentage holdings of its **significant shareholders**. This information should be updated at least every 6 months and the website should include the date on which this information was last updated;
- details of any restrictions on the transfer of its **AIM securities**;
- the annual accounts published pursuant to rule 19 for the last three years or since **admission**, whichever is the lesser, and all half-yearly, quarterly or similar reports published since the last annual accounts pursuant to rule 18, and from 3 January 2018 the annual accounts published (on or after that date) pursuant to rule 19 and all half-yearly, quarterly or similar reports published (on or after that date) pursuant to rule 18 must be posted and maintained on its website for a period of at least five years;
- all **notifications** the **AIM company** has made in the past 12 months. An **AIM company** must also post and maintain on its website for a period of at least five years all inside information it is required to disclose publically by **MAR** on or after 3 January 2018;
- its most recent **admission document** together with any circulars or similar publications sent to **shareholders** within the past 12 months and for a period of at least five years any **Prospectus** it has published on or after 3 January 2018;
- details of a recognised corporate governance code that the board of directors of the **AIM company** has decided to apply, how the **AIM company** complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so². This information should be reviewed annually and the website should include the date on which this information was last reviewed;
- the names of its **directors** and brief biographical details of each, as would normally be included in an **admission document**;
- a description of the responsibilities of the members of the board of **directors** and details of any committees of the board of **directors** and their responsibilities;
- where the **AIM company** is not incorporated in the **UK**, a statement that the rights of **shareholders** may be different from the rights of **shareholders** in a **UK** incorporated company;
- whether the **AIM company** is subject to the UK City Code on Takeovers and Mergers, or any other such legislation or code in its country of incorporation or operation, or any other similar provisions it has voluntarily adopted; and
- details of its **nominated adviser** and other key advisers (as might normally be found in an **admission document**).

Further issues of securities following admission

Further admission documents

27. A further **admission document** will be required for an **AIM company** only when it is:

² The implementation of this requirement will take effect from 28 September 2018. However, all new applicants from 30 March 2018 will be required to state which corporate governance code they intend to follow but otherwise will have until 28 September 2018 to comply.

- required to issue a **Prospectus** under the **Prospectus Rules** for a further issue of **AIM securities**; or
- seeking **admission** for a new class of securities; or
- undertaking a reverse takeover under rule 14.

Omissions from further admission documents

28. The **Exchange** may authorise the omission of information from further **admission documents** (other than a **Prospectus**) in the same circumstances as for an **applicant** under rule 4.

In addition, an **AIM company** may omit the information required by section 20 of **Annex I** from any further **admission document** (other than a **Prospectus**) provided that the **AIM company** has been complying with the requirements of these rules.

In such circumstances, the **nominated adviser** to an **AIM company** must confirm to the **Exchange** in writing that equivalent information is available publicly by reason of the **AIM company's** compliance with these rules.

Applications for further issues

29. At least three **business days** before the expected date of **admission** of further **AIM securities** an **AIM company** must submit an **application form** and, where required by rule 27, an electronic version of any further **admission document**.

Where an **AIM company** intends to issue **AIM securities** on a regular basis, the **Exchange** may permit **admission** of those securities under a **block admission** arrangement.

Under a **block admission** an **AIM company** must **notify** the information required in **Schedule Six** every six months.

Language

30. All **admission documents**, any documents sent to **shareholders** and any information required by these rules must be in English.

AIM company and directors' responsibility for compliance

31. An **AIM company** must:

- have in place sufficient procedures, resources and controls to enable it to comply with these rules;
- seek advice from its **nominated adviser** regarding its compliance with these rules whenever appropriate and take that advice into account;
- provide its **nominated adviser** with any information it reasonably requests or requires in order for that **nominated adviser** to carry out its responsibilities under these rules and the **AIM Rules for Nominated Advisers**, including any proposed changes to the board of **directors** and provision of draft **notifications** in advance;
- ensure that each of its **directors** accepts full responsibility, collectively and individually, for its compliance with these rules; and
- ensure that each **director** discloses to the **AIM company** without delay all information which the **AIM company** needs in order to comply with rule 17 insofar as

that information is known to the **director** or could with reasonable diligence be ascertained by the **director**.

Ongoing eligibility requirements

Transferability of shares

32. An **AIM company** must ensure that its **AIM securities** are freely transferable except where:
- in any jurisdiction, statute or regulation places restrictions upon transferability; or
 - the **AIM company** is seeking to limit the number of **shareholders** domiciled in a particular country to ensure that it does not become subject to statute or regulation.

Securities to be admitted

33. Only securities which have been unconditionally allotted can be **admitted** as **AIM securities**.

An **AIM company** must ensure that application is made to **admit** all securities within a class of **AIM securities**.

34. *[Deleted pursuant to AIM Notice 27]*

Retention of a broker

35. An **AIM company** must retain a **broker** at all times.

Settlement

36. An **AIM company** must ensure that appropriate settlement arrangements are in place. In particular **AIM securities** must be eligible for electronic settlement.

General

37. An **AIM company** must pay **AIM fees** set by the **Exchange** as soon as such payment becomes due.
38. Details of an **AIM company** contact, including an e-mail address, must be provided to the **Exchange** at the time of the application for **admission** and the **Exchange** must be immediately informed of any changes thereafter.

Nominated advisers

39. A **nominated adviser** must comply with the **AIM Rules for Nominated Advisers**.

Maintenance of orderly markets

Precautionary Suspension

40. The **Exchange** may suspend the trading of **AIM securities** where:
- trading in those securities is not being conducted in an orderly manner;
 - it considers that an **AIM company** has failed to comply with these rules;
 - the protection of investors so requires; or

- the integrity and reputation of the market has been or may be impaired by dealings in those securities.

Suspensions are effected by a **dealing notice**.

Cancellation

41. An **AIM company** which wishes the **Exchange** to **cancel admission** of its **AIM securities** must **notify** such intended **cancellation** and must separately inform the **Exchange** of its preferred **cancellation** date at least twenty **business days** prior to such date and save where the **Exchange** otherwise agrees, the **cancellation** shall be conditional upon the consent of not less than 75% of votes cast by its **shareholders** given in a general meeting.

The **Exchange** will **cancel** the **admission** of **AIM securities** where these have been suspended from trading for six months.

Cancellations are effected by a **dealing notice**.

Sanctions and appeals

Disciplinary action against an AIM company

42. If the **Exchange** considers that an **AIM company** has contravened these rules, it may take one or more of the following measures in relation to such **AIM company**:
- issue a warning notice;
 - fine it;
 - censure it; or
 - cancel the admission of its AIM securities; and
 - publish the fact that it has been fined or censured and the reasons for that action.

Jurisdiction

43. When an **AIM company** ceases to have a class of securities **admitted** to trading on **AIM**, the **Exchange** retains jurisdiction over the company for the purpose of investigating and taking disciplinary action in relation to breaches or suspected breaches of these rules at a time when that company was an **applicant** or had a class of securities **admitted** to trading on **AIM**.

Disciplinary process

44. Where the **Exchange** proposes to take any of the steps described in rule 42, the **Exchange** will follow the procedures set out in the **Disciplinary Procedures and Appeals Handbook**.

Appeals

45. Any decision of the **Exchange** in relation to these rules may be appealed in accordance with the procedures set out in the **Disciplinary Procedures and Appeals Handbook**.

Schedule One

Pursuant to rule 2, an **applicant** or **quoted applicant** must provide the **Exchange** with the following information:

- (a) its name;
- (b) its country of incorporation;
- (c) its registered office address and, if different, its trading address;
- (d) the website address at which the information required by rule 26 will be available;
- (e) a brief description of its business (including its main country of operation) or in the case of an **investing company**, details of its **investing policy**. If the **admission** is being sought as a result of a reverse takeover under rule 14, this should be stated;
- (f) the number and type of securities in respect of which it seeks **admission** and detailing the number and type of securities to be held as **treasury shares**, including details of any restrictions as to transfer of the securities;
- (g) the capital to be raised on **admission**, if applicable, and its anticipated market capitalisation on **admission**;
- (h) the percentage of **AIM securities not in public hands** at **admission** (insofar as it is aware) and details of any other exchange or trading platform on which the **AIM securities** (or any other securities of the company) are or will be **admitted** or traded as a result of an application or agreement of the **applicant**;
- (i) the full names and functions of its **directors** and proposed **directors** (underlining the first name by which each is known or including any other name by which each is known);
- (j) insofar as is known to it, the full name of any **significant shareholder** before and after **admission**, together with the percentage of each such **person's** interest (underlining the first name by which each is known or including any other name by which each is known in the case of individuals);
- (k) the names of any **persons** who will be disclosed in the **admission document** under **Schedule Two, paragraph (h)**;
- (l) its anticipated accounting reference date, the date to which it has prepared the main financial information in its **admission document** and the dates by which it must publish its first three reports as required by rules 18 and 19;
- (m) its expected **admission** date;
- (n) the name and address of its **nominated adviser** and **broker(s)**;
- (o) (other than in the case of a **quoted applicant**) details of where any **admission document** will be available with a statement that this will contain full details about the **applicant** and the **admission** of its securities; and
- (p) the corporate governance code the board of directors of the **applicant** has decided to apply.

Supplement to Schedule One, for quoted applicants only

A **quoted applicant** must in addition provide the **Exchange** with the following information:

- (a) the name of the **AIM Designated Market** upon which its securities have been traded;
- (b) the date from which its securities have been so traded;
- (c) confirmation that, following due and careful enquiry, it has adhered to any legal and regulatory requirements involved in having its securities traded upon such market or details of where there has been any breach;
- (d) a website address where any documents or announcements which it has made public over the last two years (in consequence of having its securities so traded) are available;
- (e) details of its intended strategy following **admission** including, in the case of an **investing company**, details of its **investing policy**;
- (f) a description of any significant change in financial or trading position of the **quoted applicant** which has occurred since the end of the last financial period for which audited statements have been published;
- (g) a statement that its **directors** have no reason to believe that the working capital available to it or its group will be insufficient for at least twelve months from the date of its **admission**;
- (h) details of any lock-in arrangements pursuant to rule 7;
- (i) a brief description of the arrangements for settling transactions in its securities;
- (j) a website address detailing the rights attaching to its securities;
- (k) information equivalent to that required for an **admission document** which is not currently public, including any information that would be required as part of an **admission document** by the **Notes**;
- (l) a website address of a page containing its latest published annual accounts which must have a financial year end not more than nine months prior to **admission**. The annual accounts must be prepared in accordance with rule 19. Where more than nine months have elapsed since the financial year end to which the latest published annual accounts relate, a website address of a page containing a set of interim results covering the period from the financial year end to which the latest published annual accounts relate and ending no less than six months from that date;
- (m) the number of each class of securities held as **treasury shares**.

Schedule Two

A company which is required to produce an **admission document** must ensure that document discloses the following:

- (a) Information equivalent to that which would be required by **Annex I – III** other than the information specified in paragraph (b)(i) below and as amended by paragraph (b)(ii) below, unless a **Prospectus** is required in accordance with the **Prospectus Rules** in which case paragraphs (b)(i) and (ii) below shall not apply;
- (b) (i) the information referred to in paragraph (a) above is as follows:

Annex I:

- Selected Financial Information (Section 3);
- The information required under sub-section 8.1;
- Operating and financial review (Section 9);
- Capital Resources (Section 10);
- Research and Development , Patents and Licences (Section 11);
- Profit Forecasts or Estimates (Section 13) (NB - Paragraph (d) below continues to apply);
- Administrative, Management, and Supervisory Bodies and Senior Management (Section 14). (NB - Paragraph (g) below continues to apply);
- Remuneration and Benefits (section 15);
- The information required under sub-section 16.3;
- Pro forma financial information (sub-section 20.2);
- Documents on Display (section 24);
- The information required under sub-section 17.2 of **Annex I** with respect to persons other than **directors**.

Annex II:

- Annex II in its entirety.

Annex III:

- Working capital statement (sub-section 3.1). (NB - Paragraph (c) below continues to apply);
- Capitalisation and indebtedness (sub-section 3.2);
- Interest of natural and legal persons involved in the issue/offer (sub-section 3.3);
- Terms and Conditions of the Offer (section 5);
- Admission to Trading and Dealing Arrangements (section 6);
- (ii) the information required by paragraph (a) above is amended as follows: the information required by section 20 of **Annex I** must be presented in accordance with one of the applicable standards set out in rule 19.

- (c) a statement by its **directors** that in their opinion having made due and careful enquiry, the working capital available to it and its group will be sufficient for its present requirements, that is for at least twelve months from the date of **admission** of its securities;
- (d) where it contains a profit forecast, estimate or projection (which includes any form of words which expressly or by implication states a minimum or maximum for the likely level of profits or losses for a period subsequent to that for which audited accounts have been published, or contains data from which a calculation of an approximate figure for future profits or losses may be made, even if no particular figure is mentioned and the words “profit” or “loss” are not used):
 - (i) a statement by its **directors** that such forecast, estimate or projection has been made after due and careful enquiry;
 - (ii) a statement of the principal assumptions for each factor which could have a material effect on the achievement of the forecast, estimate or projection. The assumptions must be readily understandable by investors and be specific and precise;
 - (iii) confirmation from the **nominated adviser** to the **applicant** that it has satisfied itself that the forecast, estimate or projection has been made after due and careful enquiry by the **directors** of the **applicant**; and
 - (iv) such profit forecast, estimate or projection must be prepared on a basis comparable with the historical financial information;
- (e) on the first page, prominently and in bold, the name of its **nominated adviser** and the following paragraphs:

"AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document.”;

- (f) where rule 7 applies, a statement that its **related parties** and **applicable employees** have agreed not to dispose of any interests in any of its **AIM securities** for a period of twelve months from the **admission** of its securities;
- (g) the following information relating to each **director** and each proposed **director**:
 - (i) the **director’s** full name and age together with any previous names;
 - (ii) the names of all companies and partnerships of which the **director** has been a **director** or partner at any time in the previous five years, indicating whether or not the **director** is still a **director** or partner;
 - (iii) any unspent convictions in relation to indictable offences;
 - (iv) details of any bankruptcies or individual voluntary arrangements of such **director**;
 - (v) details of any receiverships, compulsory liquidations, creditors’ voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its

- creditors of any company where such **director** was a **director** at the time of or within the twelve months preceding such events;
- (vi) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such **director** was a partner at the time of or within the twelve months preceding such events;
 - (vii) details of receiverships of any asset of such **director** or of a partnership of which the **director** was a partner at the time of or within the twelve months preceding such events; and
 - (viii) details of any public criticisms of such **director** by statutory or regulatory authorities (including recognised professional bodies), and whether such **director** has ever been disqualified by a court from acting as a **director** of a company or from acting in the management or conduct of the affairs of any company;
- (h) the name of any **person** (excluding professional advisers otherwise disclosed in the **admission document** and trade suppliers) who has:
- (i) received, directly or indirectly, from it within the twelve months preceding the application for **admission** to **AIM**; or
 - (ii) entered into contractual arrangements (not otherwise disclosed in the **admission document**) to receive, directly or indirectly, from it on or after **admission** any of the following:
 - fees totalling £10,000 or more;
 - its securities where these have a value of £10,000 or more calculated by reference to the issue price or, in the case of an introduction, the expected opening price; or
 - any other benefit with a value of £10,000 or more at the date of **admission**; giving full details of the relationship of such **person** with the **applicant** and of the fees, securities or other benefit received or to be received;
- (i) the name of any **director**, or member of a **director's family**, who has a **related financial product** referenced to its **AIM securities** or securities being **admitted**, together with the date and terms of the **related financial product(s)** and the detailed nature of the exposure;
- (j) where it is an **investing company**, details of its **investing policy**.
- (k) the information required by the **Notes** and any other information which it reasonably considers necessary to enable investors to form a full understanding of:
- (i) the assets and liabilities, financial position, profits and losses, and prospects of the **applicant** and its securities for which admission is being sought;
 - (ii) the rights attaching to those securities; and
 - (iii) any other matter contained in the **admission document**.
- (l) in addition to the information required under sub-section 16.4 of **Annex I**, details of the recognised corporate governance code that the board of directors of the **applicant** has decided to apply, how the **applicant** complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so.³

³ From 30 March 2018, an applicant will be required to disclose in its admission document the recognised corporate governance code that the board of directors of the applicant has decided to apply. From 28 September 2018, an applicant must fully comply with this paragraph.

Schedule Three

The **class tests** for determining the size of a transaction pursuant to rules 12, 13, 14, 15 and 19 are as follows:

The Gross Assets test

$$\frac{\text{Gross assets the subject of the transaction}}{\text{Gross assets of the AIM company}} \times 100$$

Figures to use for the Gross assets test:

1. The “Gross assets of the **AIM company**” means the total non current assets plus total current assets. These figures should be taken from the most recent of the following:
 - (a) the most recently **notified** consolidated balance sheet; or
 - (b) where an **admission document** has been produced for the purposes of **admission** following a reverse takeover, any pro forma net asset statement published in the **admission document** may be used, provided it is derived from information taken from the last published audited consolidated accounts and that any adjustments to this information are clearly shown and explained; or
 - (c) in a case where transactions are aggregated pursuant to rule 16, the most recently **notified** consolidated balance sheet (as at a date prior to the earliest aggregated transaction).
2. The “Gross assets the subject of the transaction” means:
 - (a) in the cases of an acquisition of an interest in an undertaking which will result in consolidation of the undertaking’s net assets in the accounts of the **AIM company**, or a disposal of an interest in an undertaking which will result in the undertaking’s net assets no longer being consolidated in the accounts of the **AIM company**, the assets the subject of the transaction means the value of 100% of the undertaking’s assets, irrespective of what interest is acquired or disposed.
 - (b) in the case of an acquisition or disposal which does not fall within paragraph 2(a), the assets the subject of the transaction means:
 - for an acquisition, the consideration plus any liabilities assumed (if any); and
 - for a disposal, the book value of the assets attributed to that interest in the **AIM company’s** last audited accounts.
 - (c) in the case of an acquisition of assets other than an interest in an undertaking, the assets the subject of the transaction means the book value of the assets.

The Profits test

$$\frac{\text{Profits attributable to the assets the subject of the transaction}}{\text{Profits of the AIM company}} \times 100$$

Figures to use for the Profits test:

3. The “Profits of the **AIM company**” means profits before taxation and extraordinary items as stated in the following:
 - (a) the last published annual consolidated accounts;
 - (b) the last **notified** preliminary statement of annual results; or
 - (c) in a case where transactions are aggregated pursuant to rule 16, the last such accounts or statement prior to the earliest transaction.

In the case of an acquisition or disposal of an interest in an undertaking of the type described within paragraph 2(a), the “profits attributable to the assets the subject of the transaction” means 100% of the profits of the undertaking irrespective of what interest is acquired or disposed.

The Turnover test

$$\frac{\text{Turnover attributable to the assets the subject of the transaction}}{\text{Turnover of the **AIM company**}} \times 100$$

Figures to use for the Turnover test:

4. The “Turnover of the **AIM company**” means the turnover figure as stated in the following:
 - (a) the last published annual consolidated accounts;
 - (b) the last **notified** preliminary statement of annual results; or
 - (c) in a case where transactions are aggregated pursuant to rule 16, the last such accounts or statement prior to the earliest transaction.

In a case of an acquisition or disposal of an interest in an undertaking of the type described within paragraph 2(a), the “turnover attributable to the assets the subject of the transaction” means 100% of the turnover of the undertaking irrespective of what interest is acquired or disposed.

The Consideration test

$$\frac{\text{Consideration}}{\text{Aggregate market value of all the ordinary shares (excluding **treasury shares**) of the **AIM company**}} \times 100$$

Figures to use for the Consideration test:

5. The “Consideration” means the amount paid to the vendors, but the **Exchange** may require the inclusion of further amounts.
 - (a) Where all or part of the consideration is in the form of securities to be **listed**, or traded on **AIM**, the consideration attributable to those securities means the aggregate market value of those securities.
 - (b) If deferred consideration is, or may be, payable or receivable by the **AIM company** in the future, the consideration means the maximum total consideration payable or receivable under the agreement.

6. The “Aggregate market value of all the ordinary shares of the **AIM company** (excluding **treasury shares**)” means the value of its enfranchised securities on the day prior to the **notification** of the transaction (excluding **treasury shares**).

The Gross Capital test

$$\frac{\text{Gross capital of the company or business being acquired}}{\text{Gross capital of the **AIM company**}} \times 100$$

Figures to use for the Gross capital test:

7. The “Gross capital of the company or business being acquired” means the aggregate of:
- (a) the consideration;
 - (b) if a company, any of its shares and debt securities which are not being acquired;
 - (c) all other liabilities (other than current liabilities), including for this purpose minority interests and deferred taxation; and
 - (d) any excess of current liabilities over current assets.
8. The “Gross capital of the **AIM company**” means the aggregate of:
- (a) the aggregate market value of its securities (excluding **treasury shares**);
 - (b) all other liabilities (other than current liabilities), including minority interest and deferred taxation; and
 - (c) any excess of current liabilities over current assets.

The figures to be used must be the aggregate market value of the enfranchised securities on the day prior to the **notification** of the transaction (excluding **treasury shares**).

Substitute Tests

In circumstances where the above tests produce anomalous results or where the tests are inappropriate to the sphere of activity of the **AIM company**, the **Exchange** may (except in the case of a transaction with a **related party**), disregard the calculation and substitute other relevant indicators of size, including industry specific tests. Only the **Exchange** can decide to disregard one or more of the **class tests**, or substitute another test.

Schedule Four

In respect of transactions which require **notifications** pursuant to rules 12, 13, 14 and 15 an **AIM company** must **notify** the following information:

- (a) particulars of the transaction, including the name of any other relevant parties;
- (b) a description of the assets which are the subject of the transaction, or the business carried on by, or using, the assets;
- (c) the profits (or if applicable, losses) attributable to those assets;
- (d) the value of those assets if different from the consideration;
- (e) the full consideration and how it is being satisfied;
- (f) the effect on the **AIM company**;
- (g) details of the service contracts of any proposed **directors**;
- (h) in the case of a disposal, the application of the sale proceeds;
- (i) in the case of a disposal, if shares or other securities are to form part of the consideration received, a statement whether such securities are to be sold or retained; and
- (j) any other information necessary to enable investors to evaluate the effect of the transaction upon the **AIM company**.

Schedule Five

Pursuant to rule 17, an **AIM company** must make **notification** of the following:

- (a) the identity of the **significant shareholder** concerned;
- (b) the date on which the disclosure was made to it;
- (c) the date on which the **relevant change** to the **holding** was effected;
- (d) the price, amount and class of the **AIM securities** concerned;
- (e) the nature of the transaction;
- (f) the nature and extent of the **significant shareholder's** interest in the transaction; and
- (g) where the **notification** concerns a **related financial product**, the detailed nature of the exposure.

Schedule Six

Pursuant to a **block admission**, an **AIM company** must make **notification** of the following:

- (a) name of the company;
- (b) name of the scheme;
- (c) period of return (from/to);
- (d) number and class of securities not issued under the scheme;
- (e) number of securities issued under the scheme during the period;
- (f) balance under the scheme of securities not yet issued at the end of the period;
- (g) number and class of securities originally **admitted** and the date of **admission**; and
- (h) a contact name and telephone number.

Schedule Seven

Pursuant to rule 17, an **AIM company** must make **notification** of the following:

- (a) the date of the movement into or out of **treasury shares**;
- (b) the number of **treasury shares** of each class transferred into or out of treasury;
- (c) the total number of **treasury shares** of each class held by the **AIM company** following such movements;
- (d) the number of shares of each class that the **AIM company** has in issue less the total number of **treasury shares** of each class held by the **AIM company** following such movements.

Glossary

The following terms have the following meanings when used in these rules unless the context otherwise requires.

Term	Meaning
admission/admitted	Admission of any class of securities to AIM effected by a dealing notice under rule 6.
admission document	A document produced pursuant to rules 3 or 27.
AIM	A market operated by the Exchange .
AIM company	A company with a class of securities admitted to AIM .
AIM Designated Market	A market whose name appears on the latest publication by the Exchange of the document entitled “AIM Designated Markets”.
AIM fee	The fees charged by the Exchange to an AIM company in respect of admission and trading as set out in the price list published by the Exchange from time to time.
AIM Rule 15 cash shell	An AIM company that falls within the ‘Divestment or Cessation’ section of rule 15.
AIM Rules for Nominated Advisers	The AIM Rules for Nominated Advisers published by the Exchange from time to time.
AIM securities	Securities of an AIM company which have been admitted .
Annex I, Annex II and Annex III	Annex I, Annex II and Annex III of Regulation 809/2004 of the European Commission (referred to as the “PD Regulation” in the FCA Handbook), as reprinted in the Prospectus Rules (as may be amended from time to time).
applicant	An issuer that is applying to have a class of its securities admitted to AIM and which is seeking to have a notification issued pursuant to rule 2. This includes quoted applicants save for rules 2 – 5 inclusive where separate provisions apply.
application form	The latest publication of the standard form which must be completed by an applicant or a quoted applicant under rule 5.
applicable employee	Any employee of an AIM company , its subsidiary or parent undertaking who:

	(a) for the purposes of rule 7, together with that employee's family , has a holding or interest, directly or indirectly, in 0.5% or more of a class of AIM securities (excluding treasury shares); or
	(b) for the purposes of rule 21, other than a director , is a 'person discharging managerial responsibilities' as defined in Article 3(25) of MAR .
authorised person	A person who, under European Union directive or United Kingdom domestic legislation, is authorised to conduct investment business in the United Kingdom.
block admission	The admission of a specified number of AIM securities , which are to be issued on a regular basis pursuant to rule 29.
broker	A member firm which is appointed by an AIM company pursuant to rule 35.
business day	Any day upon which the Exchange is open for business and any reference to business days shall be to clear business days.
cancel/cancelled/cancellation	The cancellation of any class of securities to AIM effected by a dealing notice .
class tests	The tests set out in Schedule Three which are used to determine whether rules 12, 13, 14, 15 or 19 of these rules apply.
dealing notice	A notification by the Exchange disseminated through RNS which either admits securities to AIM or Cancels or suspends them from trading on AIM or restores them to trading on AIM .
director	A person who acts as a director whether or not officially appointed to such position.
directors' remuneration	The following items for each director of the AIM company : <ul style="list-style-type: none"> (a) emoluments and compensation, including any cash or non-cash benefits received; (b) share options and other long term incentive plan details, including information on all outstanding options and/or awards; and (c) value of any contributions paid by the AIM company to a pension scheme.
Disciplinary Procedures and Appeals Handbook	The most recent publication by the Exchange of the document so entitled for AIM .
DTR	The Disclosure Guidance and Transparency Rules published by the FCA from time to time.

DTR company	An AIM company that is required to make disclosures in accordance with chapter 5 of the DTR . A non-DTR company is an AIM company that is not required to make disclosures in accordance with chapter 5 of the DTR .
EEA country	A European Economic Area (EEA) country. For illustrative purposes, at the date of the publication of these rules, the EEA comprises all European Union member states together with Norway, Iceland and Liechtenstein. For the purposes of these rules only, an EEA country shall also be deemed to include the Channel Islands and Isle of Man. A non-EEA country is any country that is not an EEA country.
electronic communication	Any communications sent by e-mail or made available on an AIM company's website pursuant to rule 26.
Euroclear	Euroclear UK & Ireland Limited.
Exchange	The London Stock Exchange plc.
family	In relation to any person his or her spouse or civil partner and any child where such child is under the age of eighteen years. It includes any trust in which such individuals are trustees or beneficiaries and any company over which they have control or more than 20% of its equity or voting rights (excluding treasury shares) in a general meeting. It excludes any employee share or pension scheme where such individuals are beneficiaries rather than trustees.
FCA	The UK Financial Conduct Authority.
financial instrument	Any financial instrument requiring disclosure in accordance with DTR 5.3.1 with the addition that, for the purposes of this definition, all AIM companies shall be treated as if they are DTR companies regardless of their country of incorporation.
FSMA 2000	The Financial Services and Markets Act 2000.
holding	Any legal or beneficial interest, whether direct or indirect, in the AIM securities of a person who is a director or, where relevant, an applicable employee or significant shareholder . It includes holdings by the family of such a person . In addition, when determining whether a person is a significant shareholder , a holding also includes a position in a financial instrument .

International Accounting Standards	Standards adopted for use in the European Union in accordance with Article 3 of the IAS Regulation (EC) No. 1606/2002, as adopted from time to time by the European Commission.
investing company	Any AIM company which has as its primary business or objective, the investing of its funds in securities, businesses or assets of any description.
investment manager	Any person external to the investing company , who, on behalf of that investing company , manages their investments. This may include an external adviser who provides material advice to the investment manager or the investing company .
investing policy	<p>The policy the investing company will follow in relation to asset allocation and risk diversification.</p> <p>The policy must be sufficiently precise and detailed to allow the assessment of it, and, if applicable, the significance of any proposed changes to the policy. It must contain as a minimum:</p> <ul style="list-style-type: none"> — assets or company in which it can invest; — the means or strategy by which the investing policy will be achieved; — whether such investments will be active or passive and, if applicable, the length of time that investments are likely to be held for; — how widely it will spread its investments and its maximum exposure limits, if applicable; — its policy in relation to gearing and cross-holdings, if applicable; — details of investing restrictions, if applicable; and — the nature of returns it will seek to deliver to shareholders and, if applicable, how long it can exist before making an investment and/or before having to return funds to shareholders.
listed	Admitted to the Official List of the United Kingdom by the Competent Authority for the United Kingdom.
MAR	The Market Abuse Regulation (EU) No 596/2014
member firm	A partnership, corporation, legal entity or sole practitioner admitted currently to Exchange membership.
nominated adviser	An adviser whose name appears on the register .
nominated adviser's declaration	The latest form of declaration contained in the AIM Rules for Nominated Advisers .

Notes	Separate notes published by the Exchange from time to time which form part of these rules. At the date of these rules, these comprise the AIM Note for Investing Companies, and the AIM Note for Mining and Oil & Gas Companies.
not in public hands	<p>AIM securities held, directly or indirectly (including via a related financial product) by:</p> <ul style="list-style-type: none"> (a) a related party; (b) the trustees of any employee share scheme or pension fund established for the benefit of any directors/employees of the applicant/AIM company (or its subsidiaries); (c) any person who under any agreement has a right to nominate a person to the board of directors of the applicant/AIM company; (d) any person who is the subject of a lock-in agreement pursuant to rule 7 or otherwise; or (e) the AIM company as treasury shares.
notify/notified/notification	The delivery of an announcement to a Regulatory Information Service for distribution to the public.
person	An individual, corporation, partnership, association, trust or other entity as the context admits or requires.
Prospectus	A prospectus prepared and published in accordance with the Prospectus Rules .
Prospectus Rules	The Prospectus Rules published by the FCA from time to time.
quoted applicant	An issuer which has had its securities traded upon an AIM Designated Market for at least 18 months prior to applying to have those securities admitted to AIM and which seeks to take advantage of that status in applying for the admission of its securities.
record date	The last date upon which investors must appear on the share register of the AIM company in order to receive a benefit from the company.
register	The latest publication of the register of nominated advisers held by the Exchange . The definitive register is kept by the Exchange .
Regulatory Information Service	A service approved by the FCA for the distribution to the public of regulatory announcements and included within the list maintained on the FCA's website, http://www.fca.org.uk/ .

related financial product

Any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of **AIM securities** or securities being **admitted**, including a contract for difference or a fixed odds bet.

related party

- (a) any **person** who is a **director** of an **AIM company** or of any company which is its subsidiary or parent undertaking, other subsidiary undertaking of its parent company;
- (b) a **substantial shareholder**;
- (c) an associate of (a) or (b) being;
 - (i) the **family** of such a **person**;
 - (ii) the trustees (acting as such) of any trust of which the individual or any of the individual's **family** is a beneficiary or discretionary object (other than a trust which is either an occupational pension scheme as defined in regulation 3 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or an employees' share scheme which does not, in either case, have the effect of conferring benefits on **persons** all or most of whom are related parties).
 - (iii) any company in whose equity shares such a **person** individually or taken together with his or her **family** (or if a **director**, individually or taken together with his **family** and any other **director** of that company) are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) to the extent that they are or could be able:
 - to exercise or control the exercise of 30% or more of the votes (excluding **treasury shares**) able to be cast at general meetings on all, or substantially all, matters; or
 - to appoint or remove **directors** holding a majority of voting rights at board meetings on all, or substantially all, matters;
 - (iv) any other company which is its subsidiary undertaking, parent undertaking or subsidiary undertaking of its parent undertaking;
 - (v) any company whose **directors** are accustomed to act in accordance with (a)'s directions or instructions;

(vi) any company in the capital of which (a), either alone or together with any other company within (iv) or (v) or both taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) interested in the manner described in (iii);

(d) for the purposes of rule 13, any **person** who was a **director** of an **AIM company** or any of its subsidiaries, sister or parent undertakings or a **substantial shareholder** within the twelve months preceding the date of the transaction.

relevant changes

Changes to the **holding** of a **significant shareholder** above 3% (excluding **treasury shares**) which increase or decrease such **holding** through any single percentage.

RNS

The **Regulatory Information Service** operated by the **Exchange**.

shareholder

A holder of any legal or beneficial interest, whether direct or indirect, in an **AIM security**.

significant shareholder

Any person with a **holding** of 3% or more in any class of **AIM security** (excluding **treasury shares**).

SME growth market

A multilateral trading facility that is registered as an SME growth market in accordance with article 33 of the Markets in Financial Instrument Directive (Directive 2014/65/EU).

substantial shareholder

Any **person** who holds any legal or beneficial interest directly or indirectly in 10% or more of any class of **AIM security** (excluding **treasury shares**) or 10% or more of the voting rights (excluding **treasury shares**) of an **AIM company** including for the purpose of rule 13 such **holding** in any subsidiary, sister or parent undertaking and excluding, for the purposes of rule 7: (i) any **authorised person**; (ii) any **investing company** whose **investing policy** is externally managed on a fully discretionary basis by an **investment manager** that is an **authorised person**; and (iii) any company with securities quoted upon the **Exchange's** markets, unless the company is an **investing company** which has not substantially implemented its **investing policy**.

treasury shares

Shares which meet the conditions set out in paragraphs (a) and (b) of subsection 724(5) of the Companies Act 2006.

UK

United Kingdom.

UKLA

The UK Listing Authority.

warning notice

A private letter issued by the **Exchange** pursuant to the **Disciplinary Procedures and Appeals Handbook** to an **AIM company** or **nominated adviser** outlining a breach of these rules or of the **AIM Rules for Nominated Advisers**.

Part Two – Guidance Notes

Eligibility for AIM

An **AIM company** or **applicant** must be appropriate for **AIM's** regulatory framework. An **AIM company** or **applicant** should usually be a similar structure to a **UK plc**, and where it is an **investing company**, must be a closed-ended fund and not require a restricted investor base. It should not be complex in terms of its structure and securities and should issue primarily ordinary shares (or equivalent).

Rule 1: Nominated adviser

Nominated advisers must be approved by the **Exchange**. A copy of the **register** of approved **nominated advisers** is available on the **Exchange's** website, www.londonstockexchange.com/aim, however the definitive copy is kept by the **Exchange**.

An **AIM company** can only retain the services of one **nominated adviser** at any one time.

Where an **AIM company** needs to **notify** the loss of its **nominated adviser** it should first liaise with AIM Regulation so that where no replacement has been appointed the necessary suspension may be put in place to coincide with the **notification**.

Where a new **nominated adviser** is appointed a **notification** will be required under rule 17 and a new **nominated adviser's declaration** should be submitted to the **Exchange** pursuant to the **AIM Rules for Nominated Advisers**.

Applicants for AIM

Rule 2: Early notification and pre-admission announcements

An early notification form is available on the **Exchange's** website. In addition to the information required to be provided in the early notification form, a **nominated adviser** must ensure it fully and clearly discloses to the **Exchange** all matters known to it which may be relevant to the **Exchange** in considering the application for **admission** to trading and understanding whether **admission** of the **AIM securities** may be detrimental to the orderly operation, the reputation and/or integrity of **AIM**.

The submission of an early notification form does not replace a **nominated adviser's** obligations to the **Exchange** concerning an **applicant's** appropriateness.

Submission of an early notification form that does not allow for adequate time for discussion with the Exchange may contribute to a delay. Following the submission of an early notification form, a **nominated adviser** must update the **Exchange** as soon as practicable should it become aware of any material new information and/or any change to the information submitted or circumstances of the **applicant**.

Early notification submissions and **Schedule One** announcements should be sent by e-mail in the standard format, available on the **Exchange's** website, to aimregulation@lseg.com.

The **Exchange** will arrange for **notification** of the **Schedule One** to **RNS**.

Announcements are disseminated publicly by **RNS** under the heading "**AIM**".

Any issuer may use the usual form of **admission** process for **AIM** involving a pre-admission announcement and an **AIM admission document** at any time. However, a **quoted applicant** may take advantage of this expedited route where it meets the relevant requirements.

The website (**notified** in accordance with paragraph (j) of the **Supplement to Schedule One**) may also, to the extent permitted by law, contain other information which the issuer considers may be useful to investors.

Rule 3: Admission document

Where an **admission document** is also a **Prospectus**, the requirements of **Schedule Two** apply in addition to the requirements of the **Prospectus Rules**.

If at any time after an **admission document** is submitted and before the date of **admission** there arises or is noted any material new factor, mistake or inaccuracy relating to the information included in the **admission document**, a supplementary **admission document** must be published and submitted to the **Exchange** containing details of such new factor, mistake or inaccuracy in accordance with the relevant part(s) of **Schedule Two**. For the avoidance of doubt, if the **admission document** is a **Prospectus**, any supplementary document must comply with the **Prospectus Rules**.

A **quoted applicant** must make the additional disclosures in its pre-admission announcement, which is required by rule 2 and the **Supplement to Schedule One**.

Where a **quoted applicant** is also making an offer to the public, whether in the United Kingdom and/or other jurisdictions, it should satisfy itself that there are no legal or regulatory requirements outside these rules which compel it to produce any form of prospectus. Where there is a requirement for such a prospectus, this should be made available to the public under paragraph (o) of **Schedule One** as if it were an **admission document**.

Rule 4: Omissions from admission documents

Where an **admission document** is also a prospectus under the **Prospectus Rules**, application for a derogation from any requirements of the **Prospectus Rules** should be made to the **UKLA**. The **Exchange** itself may not authorise exemptions from any requirement under the **Prospectus Rules**. The **UKLA** can be contacted through their dedicated help desk on +44 (0)20 7066 8348.

Rule 5: Application documents

The **application form** and **nominated adviser's declaration** should be sent to Admissions, London Stock Exchange plc, 10 Paternoster Square, London EC4M 7LS by the **nominated adviser**. The electronic version of the **admission document** should be sent to admissions@lseg.com.

The **application form** and **nominated adviser's declaration** are available from the **Exchange's** website, www.londonstockexchange.com.

The **nominated adviser** should liaise with AIM Regulation to confirm that any **admission** conditions have been met.

Under rule 33 **AIM securities** must be unconditionally allotted. The **Exchange** may require proof of allotment for any securities which are being issued on **admission**. A copy of the **applicant's** board minutes allocating such securities or confirmation from its **nominated adviser** will suffice in most cases.

Allotted includes provisionally allotted securities where such provisional allotments are unconditional. For example, nil paid rights must be allotted without condition (even if further action is required by the holders of provisional allotments to transform them into another class of securities such as fully paid shares).

Rule 6: Admission to AIM

Note also rules 32 and 33 (in respect of free transferability and allotment).

A **dealing notice** will be released through **RNS** under the heading "**AIM**".

Special conditions for certain applicants

Rule 7: Lock-ins for new businesses

To minimise the risk of parties to lock-in arrangements subsequently being deemed to constitute concert parties under the City Code on Takeovers and Mergers, **applicants** or their advisers may wish to consult the Panel on Takeovers and Mergers, 10 Paternoster Square, London EC4M 7LS (telephone +44 (0)20 7382 9026) prior to drafting any lock-in agreement.

The **Exchange** will not require a **substantial shareholder** to be the subject of a lock-in under rule 7 where that **shareholder** became a **substantial shareholder** at the time of an **AIM**

company's admission and at a price which was more widely available, for example as part of an offer to the public.

Rule 8: Investing companies

The **investing policy** must be sufficiently precise and detailed so that it is clear, specific and definitive. The **investing policy** must be prominently stated in the **admission document** and any subsequent circular relating to the **investing policy**, for example pursuant to rules 8 or 14. The **investing policy** should be regularly **notified** and at a minimum should be stated in the **investing company's** annual accounts.

The circular convening a meeting of **shareholders** for the purposes of obtaining consent for a change in **investing policy** should contain adequate information about the current and proposed **investing policy** and the reasons for and expected consequences of any proposed change. It should also contain the information required by paragraph 4.2 of the AIM Note for Investing Companies.

In making the assessment of what constitutes a material change to the published **investing policy**, consideration must be given to the cumulative effect of all the changes made since **shareholder** approval was last obtained for the **investing policy** or, if no such approval has been given, since the date of **admission**. Any material change to the specific points set out in the definition of **investing policy** is likely to constitute a material change requiring **shareholder** consent.

In making the assessment of whether or not an **investing company** has substantially implemented its **investing policy**, the **Exchange** would consider this to mean that the **investing company** has invested:

- a substantial portion (usually at least in excess of 50%) of all funds available to it, including funds available through agreed debt facilities;
- in a range of investments; and
- in accordance with its **investing policy**.

In relation to any requirement to obtain **shareholder** approval of the **investing policy** in these rules, if such **shareholder** approval is not obtained, the **AIM company** would usually be expected to propose amendments to its **investing policy** and seek **shareholder** approval for those amendments, as soon as possible. A resolving action such as the return of funds to **shareholders** should be considered if consent is again not obtained. The **nominated adviser** must keep the **Exchange** informed if such a situation occurs. For the avoidance of doubt, if **shareholder** approval for the change to **investing policy** is not obtained, the company's existing **investing policy** will continue to be effective.

Rule 9: Other conditions

The **Exchange** can impose a delay of no more than ten **business days** under rule 9. At the end of this period, the **nominated adviser** must decide whether and if so, when, to proceed.

Principles of disclosure

Rule 10: Principles of disclosure

Where it is proposed to announce at any meeting of **shareholders** information which might lead to significant movement in the price of those securities, arrangements must be made for **notification** of that information so that the disclosure at the meeting is made no earlier than the time at which the information is **notified**.

A list of **Regulatory Information Service** providers can be found on the **Exchange's** website, www.londonstockexchange.com/aim

General disclosure of price sensitive information

Rule 11: General disclosure

- (a) This rule promotes prompt and fair disclosure of price sensitive information to the market.
- (b) Article 17 of **MAR** provides separate disclosure obligations for an **AIM company**. The competent authority for **MAR** in the **UK** is the **FCA**. All queries relating to the disclosure obligations pursuant to **MAR** should be directed to the competent authority. The **Exchange** will not opine on **MAR** compliance and any discussion it has about an **AIM company's** disclosure obligations are in the context of these rules. Where the **Exchange** becomes aware of a possible breach of **MAR**, it will refer to the competent authority, whose remit is to investigate and enforce breaches of **MAR**. For the avoidance of doubt, compliance with **MAR** does not mean that an **AIM company** will have satisfied its obligations under these rules and vice versa.
- (c) The requirements of rule 11 are in addition to any requirements regarding **notification** contained elsewhere in the rules.
- (d) Information that would be likely to lead to a significant movement in the price of its **AIM securities** includes but is not limited to information which is of a kind which a reasonable investor would be likely to use as part of the basis of his or her investment decisions.
- (e) Unless disclosure is required under Article 17 of **MAR**, an **AIM company** may delay **notifying** information under this rule if it is an impending development or a matter in the course of negotiation provided such information is kept confidential. The **AIM company** must ensure it has in place, in accordance with rule 31, effective procedures and controls designed to ensure the confidentiality of such information to minimise the risk of a leak.

In such circumstances, where an **AIM company** is able to delay **notifying** information about impending developments or matters in the course of negotiation it may give such information in confidence to the following category of recipient:

- (i) the **AIM company's** advisers and advisers of any other **persons** involved or who may be involved in the development or matter in question;

- (ii) **persons** with whom the **AIM company** is negotiating, or intends to negotiate, any commercial, financial or investment transaction (including prospective underwriters or places of its securities);
- (iii) representatives of its employees or trades unions acting on their behalf;
- (iv) any government department, the Bank of England, the Competition Commission or any other statutory or regulatory body or authority; and
- (v) the **AIM company's** lenders.

The **AIM company** must be satisfied that such recipients of information are bound by a duty of confidentiality and aware that they must not trade in its **AIM securities** before the relevant information has been **notified**.

- (f) However, if the **AIM company** has reason to believe that a breach of such confidence has occurred or is likely to occur and, in either case, the matter is such that knowledge of it would be likely to lead to significant movement in the price of its **AIM securities**, it must without delay issue at least a warning **notification** to the effect that it expects shortly to release information regarding such matter.
- (g) Where such information has been made public the **AIM company** must **notify** that information without delay.

Disclosure of corporate transactions

Rules 12 and 13: Substantial and related party transactions

Note the definition of a substantial transaction is different from that of a **related party** transaction.

A transaction under this rule includes non pre-emptive issues of securities.

Rule 14: Reverse takeovers

The **admission document** must be made available to the public under rule 26.

An **AIM company** is able to send an **admission document** (subject to any other applicable regulations, including the **Prospectus Rules** where it is a **Prospectus**) to **shareholders** in compliance with this rule if it is sent by **electronic communication** in compliance with the applicable guidance notes to rules 18 and 19, together with the notice of the **shareholder** meeting required by rule 14.

Following the announcement of a reverse takeover that has been agreed or is in contemplation, the relevant **AIM Securities** will be suspended by the **Exchange** until the **AIM company** has published an **admission document** in respect of the proposed enlarged entity unless the target is a **listed** company or another **AIM company**.

It should be noted that the **Exchange** expects the negotiations leading to a reverse takeover to be kept confidential, as allowed by the guidance to rule 11, until the point at which the **AIM company** can **notify** that a binding agreement that effects a reverse takeover has been entered into, which should, as far as is possible, be accompanied by the publication of the requisite

admission document. If for any reason this is not possible, the **nominated adviser** should seek the advice of the **Exchange** at the earliest opportunity.

If the new entity wishes its securities to be **admitted**, it will need to issue a ten day announcement pursuant to rule 2. In addition, it will need to submit a further fee, an electronic version of its **admission document**, a **nominated adviser's declaration** and a company **application form** at least three **business days** prior to **admission** pursuant to rule 5 and abide by all other requirements to which an **applicant** may be subject under these rules.

However, the new entity may make an application in advance of the general meeting so that its securities are **admitted** on the day after the general meeting which approves the reverse takeover.

Rule 15: Fundamental changes of business

The consent of **shareholders** for a disposal may not be required where it is as a result of insolvency proceedings. The **Exchange** should be consulted in advance in such circumstances.

The **nominated adviser** must inform the **Exchange** when an **AIM company** for which it acts becomes an **AIM Rule 15 cash shell** or there is a possibility that it has become an **AIM Rule 15 cash shell**. Where there is any question as to whether an **AIM company** has become an **AIM Rule 15 cash shell** or the point at which it becomes an **AIM Rule 15 cash shell**, the **Exchange** must be consulted as soon as possible.

Where an **AIM Rule 15 cash shell** does not intend or wish to undertake a reverse takeover in accordance with rule 15, it should seek to **cancel** its **admission** in accordance with rule 41 (in the case of a disposal requiring **shareholder** consent under this rule, this should most usually occur concurrently with the **shareholder** approval required for the disposal). In such circumstances, the **AIM company**, taking the advice of its **nominated adviser**, should consider whether funds should concurrently be returned to **shareholders**, seeking the approval of **shareholders** where appropriate or necessary.

Where, within six months, an **AIM Rule 15 cash shell** does not complete a reverse takeover as set out in rule 15, the **Exchange** will suspend trading in the **AIM securities** pursuant to rule 40.

Rule 16: Aggregation of transactions

The **Exchange** will only consider that an **AIM company** has 'a principal involvement in any business activity or activities which did not previously form a part of the **AIM company's** principal activities' where collectively a **class test** for any twelve month period exceeds 100%. In cases of doubt the **Exchange** should be consulted.

Disclosure of miscellaneous information

Rule 17: Miscellaneous information

- (a) Article 19 of **MAR** includes notification obligations for **AIM companies** and persons discharging managerial responsibilities. The **DTR** contains guidance on certain of those

notification obligations. All queries relating to an **AIM company's** disclosure obligations pursuant to **MAR** should be directed to the competent authority, in the **UK** the **FCA**.

- (b) **Significant shareholder** disclosures for **DTR companies**: **DTR companies** are required to comply with the provisions of the **DTR** in respect of **significant shareholder** notifications. All queries relating to the shareholder notification requirements of the **DTR** should be directed to the **FCA**.

In addition, **DTR companies** are required to comply with the **significant shareholder** disclosures contained in rule 17. However, compliance with the **DTR** in respect of **AIM securities** will usually mean that a **DTR company** is complying with the **significant shareholder** disclosure obligations in rule 17, save that:

- (i) notwithstanding the time limits for disclosure set out in the **DTR**, **DTR companies** are required under rule 17 to **notify** such information “*without delay*”; and
 - (ii) the information required to be released pursuant to rule 17 must be **notified**, rather than ‘made public’ in accordance with the **DTR**.
- (c) An **AIM company** must inform the **Exchange**, via its **nominated adviser**, if the **FCA** takes any action under Chapter 1A.3.1 of the **DTR** (**FCA's** ability to require publication of information).
- (d) **Significant shareholder** disclosures for non-**DTR companies**: All non-**DTR companies** are required to use all reasonable endeavours to comply with rule 17 notwithstanding that the local law applicable to some **AIM companies** does not contain provisions that are similar to the **DTR**. In that instance, such an **AIM company** is advised to include provisions in its constitution requiring **significant shareholders** to notify the relevant **AIM company** of any **relevant changes** to their shareholdings in similar terms to the **DTR**, noting the differences set out at (b)(i) and (ii) above. Such **AIM companies** are also advised to make appropriate disclosure of the fact that statutory disclosure of **significant shareholdings** is different and may not always ensure compliance with the requirements of rule 17.
- (e) Where an **admission** or **cancellation** of **AIM securities** is being **notified**, the reason need only be brief, e.g. “exercise of options”. Any changes in the number of shares in issue requires liaison with Admissions (telephone +44 (0)20 7797 4310) so that they can arrange for the appropriate **dealing notice** to be released.
- (f) Where an **AIM company** needs to **notify** the loss of its **nominated adviser** it should first liaise with AIM Regulation so that where no replacement **nominated adviser** has been appointed the necessary suspension pursuant to rule 1 may be put in place to coincide with the **notification**.
- (g) Where an **AIM company** changes its legal name it should send a copy of any change of name certificate to Admissions, London Stock Exchange plc, 10 Paternoster Square, London EC4M 7LS or by fax to +44 (0)20 7920 4607.
- (h) Information required to be submitted to the **Exchange** should be emailed to aimregulation@lseg.com.
- (i) The **notification** in relation to the trading of **AIM company** securities on any other exchange or trading platform should include details which exchange or platform (including details of any segment, tier or similar) and which securities this relates to.

Half-yearly reports and accounts

Rule 18 and 19: Half-yearly reports and accounts

Where the half-yearly report has been audited it must contain a statement to this effect.

In relation to rule 18, the financial period to which financial information has been disclosed in its **admission document** may be the financial period of the main trading subsidiary of the **AIM company**, for example, where the **AIM company** is a holding company. The **nominated adviser** should contact AIM Regulation if there is any uncertainty as to the reporting timetable required by these rules.

The **Exchange** will suspend **AIM companies** which are late in publishing their half-yearly report or their annual accounts, pursuant to rule 40.

Where an **AIM company** wishes to change its accounting reference date its **nominated adviser** should contact AIM Regulation in advance to discuss the revised reporting timeframe.

An **AIM company** should prepare and **notify** a second half-yearly report in accordance with rule 18, if the effect of the change to the accounting reference date is to extend its accounting period to more than 15 months. This should be agreed in advance with AIM Regulation.

The **Exchange** would encourage all **AIM companies** to use **International Accounting Standards** both on **admission** and in the preparation of all post-**admission** financial information.

The choice of accounting standard should be consistently implemented and any change between those standards available to a particular **AIM company** should only be made with the prior approval of AIM Regulation.

In respect of each **AIM company**, the term 'parent' should be interpreted in accordance with applicable law. Any other queries over interpretation of these provisions should be addressed by the **AIM company's nominated adviser** to AIM Regulation at the earliest opportunity.

Subject to its constitution and any legal requirements in its jurisdiction of incorporation, an **AIM company** is able to satisfy the requirement in rule 19 to send accounts to **shareholders** by sending such accounts by **electronic communication to shareholders**:

- (a) in compliance with the requirements of the **UK Companies Act 2006**; or
- (b) providing the following requirements have been satisfied:
 - (i) a decision to use **electronic communication to shareholders** has been approved by **shareholders** in a general meeting of the **AIM company**;
 - (ii) appropriate identification arrangements have been put in place so that

shareholders are effectively informed; and

(iii) **shareholders** individually:

- have been contacted in writing to request their consent to receive accounts by means of **electronic communication** and if they do not object within 28 days, their consent can be considered to have been given;
- are able to request at any time in the future that accounts be communicated to them in writing; and
- are contacted alerting them to the publication of the accounts on an **AIM company's** website.

Publication of documents sent to shareholders

Rule 20: Documents sent to shareholders

Electronic copies of annual accounts and half-yearly reports that have been sent to shareholders are not required to be sent to the **Exchange** unless such documents are relevant for the purposes of rules 24 and 25. All other documents provided to shareholders must still be sent electronically to the **Exchange**, in accordance with rule 20.

Dealing policy

Rule 21: Dealing policy

Compliance with rule 21 does not mean that an **AIM company** will have satisfied its obligations under Article 19 of **MAR**.

In determining whether it is appropriate to give clearance under its dealing policy, the **Exchange** would expect an **AIM company** to consider its wider obligations under **MAR**.

The **Exchange** would expect an **AIM company** to appoint an individual of sufficient seniority to grant such clearance request. The procedures should also give consideration as to an alternate individual where such individual is not independent in relation to a clearance request.

Provision and disclosure of information

Rule 22

The **AIM company** must use all due skill and care to ensure that information provided to the Exchange pursuant to this rule is correct, complete and not misleading.

If it comes to the subsequent attention of the **AIM company** that information provided does not meet this requirement, the **AIM company** should advise the **Exchange** as soon as practicable.

All communications between the **Exchange** and an **AIM company** are confidential to the **Exchange** and its **nominated adviser** and should not be disclosed without the consent of the **Exchange**, save to appropriate advisers to the **AIM company** or as required by any other regulatory body or agency.

Corporate action timetables

Rules 24 and 25: Corporate action timetables

Except in the case of a dividend timetable **notification**, the reference to ‘in advance’ in rule 24 means that the **Exchange** should receive the proposed timetable by no later than 09:00 on the **business day** before the proposed **notification**.

A dividend timetable which follows the guidelines set by the “Dividend Procedure Timetable”, published on the **Exchange’s** website, www.londonstockexchange.com, need not be disclosed to the **Exchange** in advance, provided the **notification** of the dividend includes:

- the net amount;
- the record and payment dates; and
- the availability of any scrip or DRIP options.

A **notification** is not required for interest payments, however, the **Exchange** must receive notice of any payment no later than seven **business days** prior to the **record date**. This notice must include:

- the appropriate net or gross amount;
- the record and payment dates; and
- any conversion period details.

Where fixed payment details are available the **AIM company** may use one timetable to inform the **Exchange** of all future payments, providing any amendments are disclosed to the **Exchange** immediately.

The timetable for an open offer must ensure that valid claims through the market can be promptly satisfied and must comply with the following:

- the open offer must remain open for acceptance for at least ten **business days**. For the purposes of calculating the period of ten **business days**, the first **business day** is the date on which the offer is first open for acceptance. The ten **business days** must exclude the ‘ex’ date; and
- where possible, the open offer **record date** should be the **business day** before the expected ‘ex’ date. A **record date** preceding the ‘ex’ date by more than three **business days** will only be approved in exceptional circumstances.

The **Exchange** may request amendments to a timetable as and when considered necessary. The **Exchange** will liaise with the **AIM Company** and its advisers as appropriate. A timetable which has not been cleared in advance with the Stock Situations Analysis team of the

Exchange but which has been **notified**, may be subject to change if required by the **Exchange**. If this situation occurs a further correcting **notification** must be made.

Rule 26:

The information required by this rule should be kept up-to-date and the last date on which it was updated should be included. The information should be easily accessible from one part of the website and a statement should be included that the information is being disclosed for the purposes of rule 26. Any redirection of a user to other areas of a website or to a document included on the website should be to a specific location for that information. Users should not have to enter search criteria in order to locate information.

The website where this information is available should be the company's website, although it is acknowledged that such a site may be hosted by a third party provider.

The requirement to disclose restrictions on the transfer of shares relates to the disclosure of jurisdictional exemptions or restrictions that an **AIM company** is seeking to make use of and that may operate by virtue of non-**UK** securities laws, such as the US Securities Act 1933 or similar (noting, however, the requirements of rule 32).

An **AIM company** should take appropriate legal advice on how to make available any prospectus, **admission document**, circular or similar **shareholder** publication in compliance with this rule so as not to infringe any securities laws that may apply to it.

The disclosure of information in relation to the trading of **AIM company** securities on any other exchange or trading platform should include details which exchange or platform (including details of any segment, tier or similar) and which securities this relates to.

"main country of operation" should be interpreted as the geographical location from which the **AIM company** derives (or intends to derive) the largest proportion of its revenues or where the largest proportion of its assets are (or will be) located, as is most appropriate depending on the business of the company.

Pursuant to the Finance Act 2014, stamp duty and the stamp duty reserve tax are not chargeable on transactions in securities admitted to trading on **AIM** provided that they are not also listed on a Recognised Stock Exchange (as defined in section 1005(3)-(5) Income Tax Act 2007). If the **AIM company** lists on a Recognised Stock Exchange or ceases to be listed on such an exchange, the Exchange would remind the **AIM company** that, in addition to updating its website, **Euroclear** requires the **AIM company** to inform it of these changes without delay as they are likely to impact its stamp duty reserve tax status. **Euroclear** can be contacted in relation to this at: growthmarketstampexemption@euroclear.com.

Further issues of securities following admission

Rule 28: Omissions from admission documents

Where the further **admission document** is also a **Prospectus**, application for omission of information should be made to the **UKLA**. The **Exchange** itself may not authorise exemptions from any requirement under the **Prospectus Rules**.

Where the further **admission document** is not a **Prospectus**, the information required under section 20 of **Annex I** may be omitted from the further **admission document** at the **nominated adviser's** discretion (in addition to the information listed in **Schedule Two, paragraph (b)**). The information covered by section 20 of **Annex I** (Financial Information) will already be available to the market in the event of further **admission** if the **AIM Company** has complied with these rules and therefore there is no need to duplicate that information in the further **admission document**.

Rule 29: Applications for further issues

Under rule 33 **AIM securities** must be unconditionally allotted. Accordingly, the **Exchange** is likely to require proof of allotment for any securities which are being issued on **AIM**. A copy of the **AIM company's** board minutes allocating such securities or confirmation from its **nominated adviser** will suffice in most cases.

Allotted includes provisionally allotted securities where such provisional allotments are unconditional. For example, nil paid rights must be allotted without condition (even if further action is required by the holders of provisional allotments to transform them into another class of securities such as fully paid shares).

A **dealing notice** will be released via **RNS** under the heading "**AIM**".

Applications for **block admissions** should be indicated as such in the "Nature of Admission" section of the **application form**.

A **block admission** cannot be used where the securities to be issued under the **block admission** exceed more than 20% of the existing class of an **AIM security**. Additionally, **block admissions** can only be used in the following circumstances:

- employee share schemes;
- personal equity plans;
- dividend reinvestment plans;
- ordinary shares arising from the exercise of warrants; and
- ordinary shares arising from a class of convertible securities.

Where an **AIM company** wishes to use a **block admission** in circumstances outside of these it should contact AIM Regulation to discuss.

It is the responsibility of the **AIM company** to ascertain whether a **Prospectus** is required under any **block admission** and the issue of securities pursuant to a **block admission**.

Rule 30: Language

Where the original documents or information is not in English, an English translation may be provided.

Rule 31: Directors responsibility for compliance

Notwithstanding the provisions set out in this rule, each **nominated adviser** should include in its engagement letter or **nominated adviser** agreement with each **AIM company** for which it acts details of what it requires from such company.

Ongoing eligibility requirements

Rule 32: Transferability of shares

Where an **AIM company** wishes to rely on the exceptions stated in rule 32, its **nominated adviser** should apply to AIM Regulation for a confirmation of the acceptance of this.

Rule 33: Securities to be admitted

Any change in the number of **AIM securities** in issue requires liaison with Admissions (telephone +44 (0)20 7797 1473).

If an **AIM company** is preparing dividend timetables, undertaking any corporate actions or issuing new shares where there are settlement implications, its **nominated adviser** should contact Stock Situation Analysis (telephone +44 (0)20 7797 1579) for prior discussion of the timetable.

Confirmation of allotment must be received no later than 16:30 on the **business day** prior to the intended date of **admission** unless otherwise agreed by the **Exchange**.

Rule 35: Retention of a broker

The **broker** will, for all **AIM companies** for which it acts, use its best endeavours to find matching business if there is no registered market maker.

Any **member firm** of the **Exchange** may act as a **broker** subject to any requisite authorisation by any other regulator.

A list of current **member firms** is available on the **Exchange's** website, www.londonstockexchange.com

There is also a separate list of **brokers** who have already been appointed by **AIM companies** on the **Exchange's** website.

Rule 36: Settlement

For **UK** registered companies a simplified procedure exists for rendering their securities eligible for such settlement under the Uncertificated Securities Regulations 2001 (SI/3755) as amended.

Within the **UK**, issuers may wish to contact **Euroclear** at 33 Cannon Street, London EC4M 5SB (telephone +44 (0)20 7849 0000).

Rule 37: General

Details of fee scales for **AIM companies** and **nominated advisers** are published separately and are available from the **Exchange's** website.

Maintenance of orderly markets

Rule 40: Suspension

The general principle applied by the **Exchange** when considering requests for a suspension of trading in **AIM securities** is that interruptions to trading should be kept to a minimum.

An **AIM company** should request a suspension in circumstances where it is required under these rules to make a notification but is unable to comply with its obligations under rule 10 (having used all reasonable endeavours to do so). Any such suspension is at the discretion of the **Exchange**. The **Exchange** will not suspend the trading in **AIM securities** if it is not satisfied that the circumstances justify suspension.

Should the **Exchange** effect the request for suspension, the **AIM company** must make a **notification** stating the reason for suspension to the fullest extent possible.

An **AIM company**, while suspended, must continue to comply with these rules.

The **Exchange** may impose conditions on the lifting of suspension as it considers appropriate. Once the circumstances leading to the suspension have been resolved or clarified sufficiently for the **AIM company** to make a **notification** that informs the market about relevant matters, such a **notification** should be made without delay. Restorations are effected by a **dealing notice**.

Rule 41: Cancellation

An **AIM company** should state the reason for **cancellation** in its **notification**.

The **Exchange** should be informed of the intended cancellation by email from the **nominated adviser** to aimregulation@lseg.com.

The period of twenty **business days** is a minimum. Where earlier communication is sent to **shareholders** convening such a meeting, an **AIM company** must **notify** that such meeting has been convened without delay. The **notification** should set out the preferred date of **cancellation**, the reasons for seeking the **cancellation**, a description of how **shareholders** will be able to effect transactions in the **AIM securities** once they have been **cancelled** and any other matter relevant to **shareholders** reaching an informed decision upon the issue of the **cancellation**.

For the avoidance of doubt, the threshold of 75% set out in this rule refers to the percentage of votes cast (rather than 75% of the class) in respect of each class of **AIM security**. Consent may be granted through **shareholders** voting in person or by proxy at a general meeting.

Circumstances where the **Exchange** might otherwise agree that **shareholder** consent in general meeting is not required would be where:

- (a) the **AIM securities** are already or will be admitted to trading on an EU regulated market or an **AIM Designated Market** to enable **shareholders** to trade their **AIM securities** in the future; or
- (b) pursuant to a takeover which has become wholly unconditional, an offeror has received valid acceptances in excess of 75% of each class of **AIM securities**; or
- (c) pursuant to a takeover effected by a **UK** scheme of arrangement that has been approved by shareholders at a general meeting and subsequently sanctioned by the courts.

Cancellation will not take effect until at least five **business days** have passed since **shareholder** approval has been obtained and a **dealing notice** has been issued.

Sanctions and appeals

Rules 44 and 45: Disciplinary process and appeals

The “**Disciplinary Procedures and Appeals Handbook**” is available from the **Exchange’s** website, www.londonstockexchange.com/aim

Schedule One

(e) “main country of operation” should be interpreted as the geographical location from which the **AIM company** derives (or intends to derive) the largest proportion of its revenues or where the largest proportion of its assets are (or will be) located, as is most appropriate depending on the business of the company.

(f) The requirement to disclose restrictions on the transfer of shares relates to the disclosure of jurisdictional exemptions or restrictions that an **AIM company** is seeking to make use of and that may operate by virtue of non-**UK** securities laws such as the US Securities Act 1933 or similar (noting, however, the requirements of rule 32).

(h) The disclosure of information in relation to the trading of **AIM company** securities on any other exchange or trading platform should include details which exchange or platform (including details of any segment, tier or similar) and which securities this relates to.

(l) Where there is any uncertainty as to the reporting timetable that would be required, the **nominated adviser** should consult AIM Regulation in advance in accordance with the guidance to rules 18 and 19.

(k) Where the expected **admission** date is uncertain, an **applicant** should **notify** a broader timeframe (for example 'early August').

Supplement to Schedule One

(c) A disclosure as to any breach should only be made after prior consultation with AIM Regulation.

(d) Such documents or announcements must be made available following **admission** at the website required pursuant to rule 26.

(f) This should include any significant change to indebtedness.

(k) In ascertaining whether disclosures are required pursuant to this paragraph, the requirements of **Schedule Two** should be fully considered. Information made public is that which is made available at an address in the **UK** or at a website address accessible to users in the **UK**.

(l) A reconciliation to an applicable accounting standard under rule 19 may be presented where the accounts are not prepared under those standards although the requirements of rule 19 will apply on an ongoing basis.

Schedule Two

(a) If upon **admission**, a **Prospectus** is required (or voluntarily produced) in accordance with the **Prospectus Rules**, such **Prospectus** shall serve as the **admission document** provided it also includes the information required under **Schedule Two, paragraphs (c) – (k)**. The **Exchange** itself may not authorise exemptions from any requirement under the **Prospectus Rules** and therefore **Schedule Two, paragraph (b)** does not apply to **Prospectuses**.

The **persons** responsible for the information provided in the **admission document** are the same **persons** that would be responsible for the information contained in a **Prospectus** pursuant to the **Prospectus Rules**.

The requirements of section 20 of Annex I may be satisfied (other than for a **Prospectus**) by the inclusion of an accountants' report in the **admission document** on the reported historical financial information.

Financial information provided in accordance with these rules must be presented with respect to the **applicant** and all its subsidiaries and should be in consolidated form when possible.

(b)(i) The information listed in this paragraph need only be included in an **admission document** to the extent it is required by these rules (in particular [Schedule Two, paragraph \(k\)](#)).

An **applicant** must give regard to the part of section 20.1 of **Annex I** that states that the last two years audited historical financial information included in the **admission document** must be prepared in a form consistent to that which will be adopted in the **applicant's** next published annual accounts, bearing in mind the ongoing requirements of rule 19.

(d)(iii) Where a **nominated adviser** gives the confirmation under this rule the **Exchange** would expect it to be founded upon an appropriate basis such as an accountants' report.

(g) Whilst **directors** are usually only required to disclose directorships held over the last five years, the requirements contained in (g)(iv)-(vii) which relate to bankruptcies, receiverships and liquidations are not limited to the last five years.

(k) When considering the information to be included pursuant to this paragraph consideration should be given to the relevance of any information specified in [Schedule Two, paragraph \(b\)](#).

Schedule Three

Further amounts, which may be included as part of consideration, includes for instance where the purchaser agrees to discharge any liabilities, such as the repayment of inter-company or third party debt.



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SCHEDULE 1 A – GUIDANCE NOTE FOR MINING, OIL AND GAS COMPANIES



London
Stock Exchange

NOTE FOR MINING AND OIL & GAS COMPANIES - JUNE 2009

AJM



AIM Note for Mining, Oil and Gas Companies

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Introduction

This **Note** sets out specific requirements, rule interpretation and guidance relating to **resource companies**. It forms part of the **AIM Rules for Companies** (and comes within the definition of **Note** in those rules) and **AIM Rules for Nominated Advisers**.

For the avoidance of doubt, where an applicant is issuing a **Prospectus**, both the **Prospectus Rules** and the **AIM Rules for Companies** must be complied with.

If a **nominated adviser** believes that provisions set out in this **Note** are not applicable or appropriate to a particular **AIM company** e.g. if the requirements of the **AIM company's** home exchange conflict with this **Note**, they should contact the AIM Regulation team: aimregulation@londonstockexchange.com

Emboldened terms used in this **Note** shall have the meanings set out in the **AIM Rules for Companies** unless otherwise defined.

Companies to which this Note applies

This **Note** applies to **resource companies**, such as exploration, development and production companies but it does not apply to companies which purely invest in or provide consultancy, advice or other such services to **resource companies**.

Part One

Admission to AIM

Competent Person's Report (CPR)

Inclusion of a CPR

A **CPR** should be prepared on all material **assets** and **liabilities** of the **applicant** and reproduced, in full and without adjustment, in the **admission document**.

Where a **CPR** has been prepared on the **assets** and **liabilities** of the **applicant** within 12 months of the current **CPR**, an explanation as to why this was not used and its conclusions should be included in the **admission document**.

Competent Person (CP)

As a minimum, the **CP** should:

- be professionally qualified and a member in good standing of an appropriate recognised **professional association**;
- have at least five years *relevant* experience in the estimation, assessment and evaluation of the type of mineral or fluid deposit under consideration;
- be independent of the **applicant**, its **directors**, senior management and advisers;
- not be remunerated by way of a fee that is linked to the **admission** or value of the **applicant**; and
- not be a sole practitioner.

It is the **nominated adviser's** responsibility to ensure that the **CP** producing the **CPR** has the relevant and appropriate qualifications, experience and technical knowledge to professionally and independently appraise the **assets** and **liabilities** being reported upon and that the work performed by the **CP** will be subject to an internal review.

Scope of CPR

It is the **nominated adviser's** responsibility to ensure that the scope of the **CPR** is appropriate, given the **applicant's assets** and **liabilities**.

In addition and as a minimum, the **CPR** should be prepared no more than 6 months prior to the date of the **admission document**, be addressed to the **applicant** and the **nominated adviser** and should:

- include a summary table of assets set out in **Appendix 1**;
- include the disclosures set out in **Appendix 2**;
- include the relevant tables set out in **Appendix 3**;
- set out what **Standard** has been used in preparing the **CPR**;
- include an up to date no material change statement; and
- report on any existing **reserves** and **resources** statements, stating clearly what work was undertaken *or* include a derivation of any **reserve** or **resource** estimates.

Admission document disclosure

Appropriate summarisation

The 'front end' of the **admission document** (usually the section entitled 'Key Information' and/or 'Part I'), must provide a balanced view of all of the information contained within the rest of the **admission document** so as to not be misleading, e.g. due to the omission of information that is otherwise included in other sections of the **admission document**.

Extraction of information

Where information contained elsewhere in the **admission document** is extracted from the **CPR** it should be extracted directly and presented in a manner which is not misleading and provides a balanced view of the **CPR**. The location of such information in the **CPR** should also be set out next to such extraction. Where information is extracted from a third party source, a reference or attribution to such source should be set out next to such extraction.

Review by Competent Person

The **CP** should review the information contained elsewhere in the **admission document** which relates to information contained in the **CPR** and confirm in writing to the **applicant** and **nominated adviser** that the information presented is accurate, balanced and complete and not inconsistent with the **CPR**.

Material assets of the applicant

Material contracts

In relation to **resource companies**, the meaning of material contracts in paragraph 22 of **Annex I** (of the **Prospectus Rules**) should be deemed to include all material subsisting agreements which are included within, or which relate to, the **assets** and **liabilities** of the **applicant** (notwithstanding whether such agreements are (i) within the ordinary course or (ii) were entered into outside of the two years immediately preceding the publication of the **admission document**) and a summary of these agreements should be included in the **admission document**.

Due diligence

The **Exchange** expects that the **nominated adviser** will conduct full due diligence on the **applicant** and its **assets** prior to **admission** and where an **applicant's assets** exist outside of the United Kingdom, as well as performing usual due diligence, a formal opinion letter should be obtained from an appropriate legal adviser authorised to practice in the jurisdiction in which the **assets** are located and in the law under which they are governed. Such opinion should deal with matters including (i) issues of jurisdiction such as the proper incorporation and good standing of any incorporated subsidiary or interest and (ii) the title to or validity and enforceability of any **assets** (including for the avoidance of doubt licences and agreements), as is appropriate to the **applicant**.

The **Exchange** would usually expect that details of the adviser providing such opinion should be included in the advisers section of the **admission document**.

Site visit

The **Exchange** would generally expect that the **nominated adviser** should, as far as it is practical to do so, undertake a site visit and physical inspection of the **applicant's** physical **assets**, as part of its overall assessment of the suitability of the **applicant** for **admission**.

Where inspection of material mineral or petroleum assets or tenements are likely to reveal information or data that is material to a **CPR**, the **CP** should, at their discretion and as far as it is practical to do so, inspect the site.

Payments

The **admission document** should disclose any payments aggregating over £10,000 made to any government or regulatory authority or similar body made by the **applicant** or on behalf of it, with regard to the acquisition of, or maintenance of, its **assets**.

Risk factors

Risk factors should address both the specific and general risk factors affecting the **applicant**. Risk factors that are specific to the **applicant** should be set out ahead of any general risks applicable to the **applicant** or **resource companies** within the risk factors section of the **admission document**.

Lock-ins for new businesses

Exploration and development companies who have not been independent and earning revenue for at least two years will need to ensure that all **related parties** and **applicable employees** comply with the lock-in requirements of **AIM Rule 7**.

Part Two

Ongoing obligations

Notifications

Use of a Standard

An **AIM company** should state in each **resource update** the **Standard** they have used in reporting such information.

Where it is not possible to ensure a **Standard** has been adhered to because the **AIM company** is under an obligation under **AIM Rule 11** to issue a **notification** *without delay* it must make sure that any estimate as to its **reserves** and/or **resources** that are **notified** are accurate and not false or misleading. Such estimates must then be **notified** according to a **Standard** as soon as practicable thereafter.

Each **resource update notification** must also contain a glossary of the key terms used in the **notification** and use a similar format to the **reserve** and/or **resource** disclosures made in the **admission document**.

Drilling update

For the avoidance of doubt, exploration drilling updates are required under **AIM Rule 11** and, as a minimum, should include information on:

Minerals & Ore Updates

- depth of zone tested
- drilling intervals
- average grades of mineralisation

Oil & Gas Updates

- depth of zone tested
- rock formation encountered
- any liquids/gases recovered.

Review by qualified person

A **qualified person** from the **AIM company** or an appointed adviser, which may include the **CP**, should review and sign off on each **resource** or **drilling update** and include their name, position and qualifications within the **notification** together with a statement to the effect that they have reviewed the information contained therein.

Review by nominated adviser

The **Exchange** expects that, in addition to the above, an appropriate person from the **nominated adviser** of an **AIM company** will review, prior to its release (as part of its regulatory obligations owed solely to the Exchange) all **notifications** made by its client **AIM company**.

Nominated advisers

In order to comply with the **AIM Rules for Nominated Advisers**, a **nominated adviser** acting for any **resource companies** should ensure that it has appropriate access to suitably experienced and qualified individual(s) in the sector(s) in which its **AIM companies** operate. These individuals need not necessarily be full-time employees of the **nominated adviser** and may be engaged on a consultancy basis.

Dual-listed resource companies

AIM companies and **nominated advisers** are reminded that where an **AIM company** is also admitted to trading on another exchange, the **AIM Rules for Companies** need to be complied with irrespective of the regulatory requirements of the other exchange. Any specific issues in relation to an **AIM company's** ability to comply with the **AIM Rules for Companies** or this **Note** as a result of the rules of the other exchange should be referred to the AIM regulation team.

For the avoidance of doubt **quoted applicants** taking advantage of the Designated Market Route will be required to comply with the contents of this **Note**.

Definitions used in this Guidance

AIM Rules for Companies or AIM Rules for Nominated Advisers	The AIM Rules for Companies or AIM Rules for Nominated Advisers' as issued by the Exchange from time to time
applicant	Shall have the meaning set out in the AIM Rules for Companies , however, for the avoidance of doubt, for the purposes of this Note it shall include all subsidiaries and interests of the applicant and shall also include a quoted applicant .
assets	All assets, licences, joint ventures or other arrangements owned by the applicant or AIM company or proposed to be exploited or utilised by it
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
CP	Competent Person
CPR	Competent Person's Report
Note	This AIM Note for Mining and Oil & Gas companies as may be amended and/or updated from time to time by the Exchange
IMMM	Institute of Materials, Minerals and Mining
JORC	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
liabilities	All liabilities, royalty payments, contractual agreements and minimum funding requirements relating to the applicant or AIM company's work programme and assets
professional association	Self-regulatory organisation of engineers and/or geoscientists
qualified person	Professionally qualified and a member in good standing of an appropriate recognised professional association and have at least five years <i>relevant</i> experience within the sector
reserves	Mineral and Ore – Probable and Proven reserves (or equivalent depending on the Standard used) Oil & Gas – Proved, Proved + Probable and Proved + Probable + Possible reserves <i>except</i> when referring to net present value calculations when reserves should only include Proved and Proved + Probable reserves

resource companies	Companies operating in the mining and oil & gas sectors which are admitted or are seeking admission to AIM
resource update	Any notification that contains a statement on reserves and/or resources
resources	Mineral and Ore – Inferred, Indicated and Measured Resources (or equivalent depending on the Standard used) Oil & Gas – Contingent and Prospective Resources
Russian	Gosstandart of Russia (GOST), the national Russian standard on mining and minerals as published by the National Certification Body of the Russian Federation For data to be included under this standard it must have been approved by the Russian State or Federal body
SAMREC	The South African Code for Reporting of Mineral Resources and Mineral Reserves, as published by the South African Mineral Committee under the auspices of the South African Institute of Mining and Metallurgy
SME	The Society for Mining, Metallurgy, and Exploration
SPE	The Society of Petroleum Engineers
Standard	An Internationally recognised standard that is acceptable under the following codes and/or organisations: Mineral resources and reserves – CIM, IMMM, JORC, Russian, SAMREC and SME . Oil & Gas resources and reserves – CIM and SPE . Submissions can be made to AIM Regulation to consider other codes that may be comparable with any of the above

Appendix 1 SUMMARY TABLE OF ASSETS

Minerals & Ore

Asset ⁽¹⁾	Holder	Interest (%)	Status ⁽²⁾	Licence expiry date	Licence area	Comments
1. Asset A	Holders name	50%	Exploration	16 March 2006	km ²	Commencement of sampling in x months
2. Asset B	Holders name	100%	Development	16 March 2006	km ²	Drill hole and sample grades obtained to date
3. Asset C	Holders name	30%	Production	16 March 2006	km ²	Annual current production (tonnes per annum)

(1) Asset – Country and asset/project name

(2) Status – Exploration, Development or Production only

Oil & Gas

Asset ⁽¹⁾	Operator	Interest (%)	Status ⁽²⁾	Licence expiry date	Licence area	Comments
1. Asset A	Operators name	50%	Exploration	16 March 2006	km ²	Commencement of exploration in x months
2. Asset B	Operators name	100%	Development	16 March 2006	km ²	Development drilling programme to commence in Y months
3. Asset C	Operators name	30%	Production	16 March 2006	km ²	Current production (barrels or cubic feet per day) and estimated peak production

(1) Asset – Country, licence and block

(2) Status – Exploration, Development or Production only

Appendix 2 CONTENT OF CPR

The **CPR** should cover (as a minimum) the following:

Executive summary

Table of contents

Introduction

- explanation of the sources of all information on which the **CPR** is based (for example any site visits (including details of who undertook such visit and when), drilling results, seismic data, reservoir or well data, sample analysis, interviews with directors, details of desktop research)
- description of **reserves** and/or **resources**, where applicable detailing characteristics, type, dimensions and grade distribution, and the methods to be employed for their exploration and extraction (including **Appendix 1** disclosure)

Overview of the region, location and assets

- description of the **applicant's assets** and **liabilities**, the rights in relation to them and a description of the economic conditions for the working of those licences, concessions or similar including any environmental, land access, planning and obligatory closure costs
- details of any interest (current or past) any director, **CP** or promoter has in any of the **assets**
- appropriate maps, some background on the country and location plans demonstrating the major properties comprising the **assets**, their workings and geographical characteristics and wells, platforms, pipelines, bore holes, sample pits, trenches and similar, to the extent they exist

Reserves & resources (separately disclosed)

- statement of **reserves** (if any), and where applicable **resources** including an estimate of volume, tonnage and grades, (in accordance with a **Standard**, which should be consistently applied and disclosed in line with the tables in **Appendix 3**), method of estimation, expected recovery and dilution factor, expected extraction and processing tonnage or volume, as appropriate, depending on whether the **reserves** and/or **resources** are of minerals or oil and/or gas. Where there are resources that have not been sufficiently appraised in order to provide the previous information, a separate statement of such resources together with any other quantified information which has been appraised in accordance with a **Standard**
- estimate of net present value (post tax) at a discount rate of 10% of **reserves** (or equivalent depending on **Standard** used) analysed separately and the principal assumptions (including cost assumptions, effective date, constant and or forecast prices, forex rates) on which valuation is based together with a sensitivities analysis. Additional valuations may be included within the CPR and should include an explanation of the basis of such a valuation and the method used

Other assets

- any other assets material to the **applicant**.
- commentary on the plant and equipment which are or will be significant to the **applicant's** operations, bearing in mind any forecasted rates of extraction included within the **admission document**

Conclusions

Qualifications and basis of opinion

- full details and qualifications of the **CP** (company and individual(s)) and a statement of the **CP's** independence

Appendices – Glossary and definitions of any terms used

Appendix 3

SUMMARY OF RESERVES AND RESOURCES BY STATUS

Minerals & Ore

Category	Gross			Net attributable			Operator
	Tonnes (millions)	Grade (g/t)	Contained metal	Tonnes (millions)	Grade (g/t)	Contained metal	
Ore/Mineral reserves per asset							
Proved							
Probable							
Sub-total							
Mineral resources per asset							
Measured							
Indicated							
Inferred							
Sub-total							
Total							

Source: [name of person providing the above estimates, regarded as competent]

Note: "Operator" is name of the company that operates the asset

"Gross" are 100% of the **reserves** and/or **resources** attributable to the licence whilst "Net attributable" are those attributable to the **AIM company**

Metal equivalent grades are not acceptable and should not be used in reporting

Appendix 3 continued
SUMMARY OF RESERVES AND RESOURCES BY STATUS

Oil & Gas - Reserves

(all figures in bbls or scf)	Gross			Net attributable			Operator
	Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible	
Oil & Liquids reserves per asset							
From production to planned for development							
Total for Oil & Liquids							
Gas reserves per asset							
From production to planned for development							
Total for Gas							

Source: [name of competent person providing the above estimates]

Note: "Operator" is name of the company that operates the asset

"Gross" are 100% of the **reserves** and/or **resources** attributable to the licence whilst "Net attributable" are those attributable to the **AIM company**

bbls – Barrels

scf – Standard Cubic Feet

Appendix 3 continued
SUMMARY OF RESERVES AND RESOURCES BY STATUS

Oil & Gas – Contingent Resources

(all figures in bbls or scf)	Gross			Net attributable			Risk Factor	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Contingent Resources per asset								
From development pending to development not viable								
Total for Oil & Liquids								
Gas Contingent Resources per asset								
From development pending to development not viable								
Total for Gas								

Source: [name of competent person providing the above estimates]

Note: “Risk Factor” for Contingent Resources means the estimated chance, or probability, that the volumes will be commercially extracted

“Operator” is name of the company that operates the asset

“Gross” are 100% of the **reserves** and/or **resources** attributable to the licence whilst “Net attributable” are those attributable to the **AIM company**

bbls – Barrels

scf – Standard Cubic Feet

Appendix 3 continued
SUMMARY OF RESERVES AND RESOURCES BY STATUS

Oil & Gas – Prospective Resources

(all figures in bbls or scf)	Gross			Net attributable			Risk Factor	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Prospective Resources per asset								
From prospect to play								
Total for Oil & Liquids								
Gas Prospective Resources per asset								
From prospect to play								
Total for Gas								

Source: [name of competent person providing the above estimates]

Note: “Risk Factor” for Prospective Resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This, then, is the chance or probability of the Prospective Resource maturing into a Contingent Resource
“Operator” is name of the company that operates the asset
“Gross” are 100% of the **reserves** and/or **resources** attributable to the licence whilst “Net attributable” are those attributable to the **AIM company**

bbls – Barrels
scf – Standard Cubic Feet



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Stock Exchange

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SCHEDULE 2 – NOMAD RULES



London
Stock Exchange

AIM Rules for Nominated Advisers

March 2018

AIM Rules for Nominated Advisers

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Introduction

Pursuant to the **AIM Rules for Companies**, a **nominated adviser** is responsible to the **Exchange** for assessing the appropriateness of an **applicant** for **AIM**, or an existing **AIM company** when appointed its **nominated adviser**, and for advising and guiding an **AIM company** on its responsibilities under the **AIM Rules for Companies**.

The **AIM Rules for Companies** state that a **nominated adviser** must be approved by the **Exchange** and included on the current **register** maintained by the **Exchange**. A copy of this **register** is available for public inspection on the **Exchange's** website: www.londonstockexchange.com/aim, although the definitive list is kept by the **Exchange**.

These **AIM Rules for Nominated Advisers** (“these rules”) set out the eligibility, ongoing obligations and certain disciplinary matters in relation to **nominated advisers**.

These rules should be read in conjunction with the **AIM Rules for Companies** and the **Disciplinary Procedures and Appeals Handbook**.

Terms in bold in these rules have the meanings set out in the **AIM Rules for Companies**, or as otherwise set out in the Glossary at the end of these rules.

Part One

Nominated adviser eligibility criteria and approval process

Criteria for becoming a nominated adviser

1 General

The **Criteria** (set out in rule 2 below) are the requirements that an applicant must satisfy before the **Exchange** will consider approving it as a **nominated adviser**. These **Criteria** are in addition to any legal or regulatory authorisation required by an applicant in any jurisdiction in which it operates. The **Exchange** is able to exercise discretion as to the application and interpretation of the **Criteria**, as it thinks fit.

An applicant will not necessarily be approved even if it satisfies the **Criteria**. When deciding whether or not an applicant should be approved as a **nominated adviser**, the **Exchange's** overriding consideration will be the preservation of the reputation and integrity of **AIM** (including the regulatory obligations of the **Exchange** as a Recognised Investment Exchange under the **FSMA Recognition Requirements**). Accordingly, the **Exchange** reserves the right to decline an application or impose conditions on approval as the **Exchange** thinks fit notwithstanding that an applicant otherwise satisfies the **Criteria**.

2 The Criteria

An entity seeking approval as a **nominated adviser** must:

- be a firm or company (individuals are not eligible);
- have practised corporate finance for at least the last two years;
- have acted on at least three **Relevant Transactions** during that two-year period;
- employ at least four **Qualified Executives** and in this regard the Exchange will take in to account the overall experience of the **Qualified Executives** on an individual basis and as a team.

The **Exchange** may, at its sole discretion, waive the requirement for the applicant firm to have a two-year track record and/or three **Relevant Transactions** where it determines that the applicant has highly experienced **Qualified Executives** (for example where substantially the entire team of **Qualified Executives** transfers from an existing **nominated adviser**).

The requirement to practise corporate finance means that the entity (or in some cases a separate division of it) should have practised as its principal business the provision of corporate finance advice, such as advising on public market fundraisings. This should be distinguished from the provision of legal advice or accounting services in relation to corporate finance transactions, which would not qualify for the purposes of the **Criteria**.

3 Overriding principle of the preservation of the reputation and integrity of AIM

As stated above, in addition to the **Criteria**, the **Exchange** will consider whether the approval of an applicant or a **Qualified Executive** might endanger the reputation or integrity of **AIM** and reserves the right to reject an applicant on these grounds even if an applicant otherwise meets the **Criteria**.

In considering whether an applicant might endanger the reputation and integrity of **AIM**, the **Exchange** will examine matters including:

- whether the applicant is appropriately authorised and regulated and the applicant's standing with its regulators;
- the applicant's general reputation;
- whether the applicant or its executives have been the subject of disciplinary action by any legal, financial or regulatory authority or whether the applicant is facing such disciplinary action; and
- insofar as is relevant, the commercial and regulatory performance of its clients to whom it has given corporate finance advice.

4 Qualified Executives

A **Qualified Executive** is a full-time employee of an applicant (or **nominated adviser** in relation to continuing eligibility), who can demonstrate a sound understanding of the UK corporate finance market and **AIM** in particular, and who satisfies one of the following:

- in respect of a person applying to be approved as a **Qualified Executive** has acted in a corporate finance advisory role, for at least the last three years and who has acted in a lead corporate finance role on at least three **Relevant Transactions** in that three-year period; or
- in respect of an existing **Qualified Executive** who was approved as a **Qualified Executive** within the last five years, and has been a **Qualified Executive** on a continuous basis within that period, has acted in a lead corporate finance role on at least three **Relevant Transactions** within the last five years; or
- in respect of an existing **Qualified Executive** who has been approved as a **Qualified Executive** for five or more years on a continuous basis, has acted in a lead corporate finance role on at least one **Relevant Transaction** in the last five-year period and can demonstrate to the satisfaction of the **Exchange** that they are involved in an active capacity in the provision of corporate finance advisory work, and in relation to **AIM** in particular.

An individual will not be considered for approval as a **Qualified Executive** by the **Exchange** (or be eligible to be a **Qualified Executive** on a continuing basis) where that person has been subject to disciplinary action or similar by a regulator or law enforcement agency in the context of financial services, corporate finance or similar or has any unspent convictions in relation to indictable offences.

As part of the **Qualified Executive** approval process, the **Exchange** reserves the right to conduct interviews in order to assess the competence and suitability of the individual. If, as a result of any interview which it conducts, the **Exchange** considers that the individual has an inadequate understanding of corporate finance, market practice, the legal or regulatory framework for corporate finance or these rules and the **AIM Rules for Companies**, it will not approve the individual as a **Qualified Executive**. Accordingly, the **Exchange** reserves the right to decline an application for **Qualified Executive** status notwithstanding that an individual otherwise meets the requirements set out in this rule.

5 Relevant Transactions

A **Relevant Transaction** is:

- a transaction requiring a **Prospectus** or equivalent in any EEA country; or
- a transaction involving acting for the offeror on the take-over of a public company within an EEA country which requires the publication of an offer document (or similar document where it is being effected by a scheme of arrangement);

in each above case in respect of shares quoted on a regulated market (as defined by the Market in Financial Instruments Directive (2004/39/EEC), as amended from time to time); or

- in the case of a proposed or current **Qualified Executive**, or in relation to the continuing eligibility a **nominated adviser**, a transaction requiring the publication of an **admission document** where he or she has been employed by the acting **nominated adviser**.

The **Exchange** will at its discretion consider (i) similar initial public offerings or other major

corporate transactions for publicly quoted companies on major stock exchanges (including mergers and acquisitions requiring the publication of a public document) whether within an EEA country or elsewhere in the world and (ii) documents equivalent to a **Prospectus** where they were produced prior to the implementation of the **Prospectus Rules**.

The **Exchange** will generally not consider a transaction as a **Relevant Transaction** unless the applicant or employee (or **nominated adviser** in relation to continuing eligibility) acted as a lead corporate financial adviser and was (in the case of an applicant or **nominated adviser**) named prominently and unequivocally as such in the public documentation pertaining to that transaction. Copies of this public documentation must be included with the application to become a **nominated adviser**.

Where an applicant has acted as lead financial adviser on one of the above transactions but was not, for example, the **UK Official List sponsor** or **nominated adviser**, the Exchange will take into account whether the activities conducted by the applicant in relation to such transaction(s) are similar to those set out in Schedule Three to these rules.

Both a proposed **Qualified Executive** and an existing **Qualified Executive** may cite the same **Relevant Transaction** if they have each been involved to an appropriate extent.

Process for becoming a nominated adviser

6 Application forms and documentation

An applicant seeking approval as a **nominated adviser** must complete and submit to the **Exchange** the following (all of which are available at www.londonstockexchange.com/aim):

- Form NA1;
- Form NA2 in respect of each proposed **Qualified Executive** (a minimum of 4 will therefore be required);
- all supporting documentation requested within the above Forms (and in particular at the beginning of Form NA1); and
- a cheque made payable to London Stock Exchange plc in respect of the application fee payable (the current fee is set out in the publication entitled 'AIM Fees for Companies and Nominated Advisers' as published by the **Exchange** from time to time).

The **Exchange** reserves the right to request any other information, documentation or confirmations from the applicant or other **persons** as it might require in order to consider or progress an application.

Upon receipt of the above information the **Exchange** will indicate to the applicant the likely time period required to process and consider the application.

7 Application fees

At the same time that any application form is submitted, the applicant must submit the requisite fee to the **Exchange** in order for its application to be processed.

This fee is non-refundable whether or not the applicant is subsequently approved as a **nominated adviser** except in the circumstances in which an application is withdrawn prior to gazetting (see below) where half the application fee will be refunded.

The application fee is in addition to the annual fee which is payable upon approval as a **nominated adviser**, and subsequently, at the rates set out in and in accordance with the 'AIM Fees for Companies and Nominated Advisers' as published by the **Exchange** from time to time.

8 Interview

The **Exchange** may conduct interviews of some or all of the proposed **Qualified Executives** put forward by an applicant to ensure that they have sufficient understanding of corporate finance, market practice and the legal or regulatory framework for corporate finance (including these rules and the **AIM Rules for Companies**). Such interviews will be conducted either at the **Exchange** or at the applicant's premises. Costs incurred by the **Exchange** (for example accommodation and travel) in visiting the applicant's premises will be reimbursed by the applicant.

9 Gazetting

At least fourteen days before the **Exchange** determines whether to approve an applicant, it will **notify** the applicant's name and its proposed **Qualified Executives** together with any other information the **Exchange** thinks necessary in order to give public notice of the application and to invite comment from market participants.

In addition, where an applicant operates mainly outside the United Kingdom, at least fourteen days before it makes its decision, the **Exchange** may issue a newspaper advertisement in a leading domestic financial newspaper(s) in the jurisdiction in which the applicant is registered or in which it operates stating the same information and inviting any objections.

The **Exchange** will take into account any comments which it receives as a result of the above gazetting process when considering whether to approve the application.

Where an application does not proceed to the gazetting stage, the **Exchange** will refund half of the application fee.

10 Appeals

An applicant will be informed privately, in writing (including by email), of the decision of the **Exchange** concerning whether to approve the applicant or not as a **nominated adviser**.

If an applicant is approved, the **Exchange** will include with its written decision a list of the **nominated adviser's** employees which it has accepted as **Qualified Executives**.

Any such decision of the **Exchange** may be appealed by an applicant (but not an individual) as a non-disciplinary appeal in accordance with the **Disciplinary Procedures and Appeals Handbook**.

Continuing eligibility for nominated advisers and notification requirements

11 Continuing eligibility and notification requirements

A **nominated adviser** and each **Qualified Executive** of a **nominated adviser**, once approved, must satisfy the requirements of rules 1 – 5 inclusive on a continuing basis at all times as if it/he/she were a new applicant. In addition, a **nominated adviser** must meet the requirements of rule 24 on an ongoing basis in order to remain eligible for **nominated adviser** status.

A **nominated adviser** must regularly consider whether it and its **Qualified Executives** continue to meet the requirements of rules 1 – 5 inclusive. If at any time a **nominated adviser** believes it or a **Qualified Executive(s)** might not satisfy these requirements, it must inform **AIM Regulation** forthwith.

A **nominated adviser** must inform **AIM Regulation** as soon as possible (by telephone and by email) of any matters that may affect it being a **nominated adviser** including:

- changes to its name, its address or places of business;
- receipt of any formal warning or disciplinary communication from any other regulatory body;

- any material adverse change in its financial or operating position that may affect its ability to act as a **nominated adviser**, including where it is considering appointing administrators or similar practitioners;
- any potential changes to the structuring or organisation of the directors, partners or employees which impacts the **nominated adviser** services provided by the firm; or
- any change of control which is reasonably likely.

Should the **Exchange** deem a change of control to have occurred, a new application for **nominated adviser** status will be required. For the avoidance of doubt, the Exchange will consider the new controller when determining eligibility of the **nominated adviser**, in particular the ability of the new controller to satisfy the requirements set out in rules 1-3 in its own right.

The **Exchange** may at any time request any information from a **nominated adviser** and/or a **Qualified Executive** it requires, including submission of all or any of the forms and documentation set out at rule 6, in order for it to consider and determine whether a **nominated adviser** is still eligible.

The **Exchange** may at any time conduct interviews and/or tests of the **nominated adviser** and its **Qualified Executives** in order to ensure that it has maintained an understanding of corporate finance and these rules and the **AIM Rules for Companies**. The provisions of rule 8 in relation to interviews will apply as appropriate.

If the **Exchange** finds that a **nominated adviser** has fallen below the Criteria or a **Qualified Executive** no longer fulfils the requirements of rule 4, the **Exchange** may remove **nominated adviser** or **Qualified Executive** status or impose conditions on the **nominated adviser's** ability to act as a **nominated adviser** (including the imposition of a moratorium pursuant to rule 30). Any such decision of the **Exchange** may be appealed by such **nominated adviser** as a non-disciplinary appeal in accordance with the **Disciplinary Procedures and Appeals Handbook**.

12 Departing or new Qualified Executives

If a **Qualified Executive** leaves the full-time employ of a **nominated adviser** for whom he/she was a **Qualified Executive**, the **nominated adviser** must inform the **Exchange** by submission of a Form NA3.

On leaving the full-time employ of a **nominated adviser**, a person who was a **Qualified Executive** will no longer be a **Qualified Executive** under these rules. However, if he/she joins another **nominated adviser**, that firm can submit a Form NA2 to apply for approval of that person as a **Qualified Executive** of that **nominated adviser**. The **Exchange** may, at its discretion, waive the requirement to submit a Form NA2 on submission by a person who was (until very recently) previously approved as a **Qualified Executive**.

A **nominated adviser** can submit at any time a Form NA2 in respect of any employee who it proposes be approved as a **Qualified Executive**.

13 Payment of annual fees

In order to remain eligible, a **nominated adviser** must pay the annual fees as set by the **Exchange** from time to time in respect of each year it wishes its name to remain on the **register**. It must make such payments within the time limits imposed by the **Exchange**.

Part Two

Continuing Obligations of a Nominated Adviser

General Obligations

14 Appropriateness of an AIM company

The **nominated adviser** to an **AIM company** is responsible to the **Exchange** for assessing the appropriateness of an applicant for **AIM**, or an existing **AIM company** when appointed as its **nominated adviser**.

Where a **nominated adviser** believes that an **AIM company** for which it acts as **nominated adviser** is no longer appropriate for **AIM** it must contact **AIM Regulation**.

15 Compliance with the rules

A **nominated adviser** shall be bound by and observe:

- these rules and the **AIM Rules for Companies**, including any guidance notes issued by the **Exchange**;
- any rules and procedures set out in any supplementary documentation issued by the **Exchange** under these rules;
- the provisions of any notices issued by the **Exchange**; and
- any requirement, decision or direction of the **Exchange**.

Each **nominated adviser** should nominate a person within its firm to act as the **Exchange's** principal contact on compliance matters. That person should be a senior person within the firm's compliance function or its corporate finance team.

16 Due skill and care

A **nominated adviser** must act with due skill and care at all times.

Nominated adviser responsibilities

17 Advising and guiding an AIM company

The **nominated adviser** is responsible to the **Exchange** for advising and guiding an **AIM company** on its responsibilities under the **AIM Rules for Companies** both in respect of its **admission** and its continuing obligations on an ongoing basis. A **nominated adviser** must be available to advise and guide **AIM companies** for which it acts at all times.

A **nominated adviser** should allocate at least two appropriately qualified staff to be responsible for each **AIM company** for which the **nominated adviser** acts in that capacity, including at least one **Qualified Executive**, in order to ensure an appropriate corporate finance contact with knowledge of the **AIM company** is available at all times.

18 Nominated adviser responsibilities

In deciding whether a **nominated adviser** has complied with these rules and the undertakings it has provided to the **Exchange** in its **nominated adviser's declaration**, the **Exchange** will have

regard to the matters set out in Schedule Three, which should be exercised with due skill and care and after due and careful enquiry.

Information obligations

19 Liaison with the Exchange

A **nominated adviser** must provide the **Exchange** with any information, in such form and within such time limits as the **Exchange** may reasonably require. A **nominated adviser** should reasonably satisfy itself that all such information provided by it is correct, complete and not misleading and, if it comes to the subsequent attention of the **nominated adviser** that the information provided does not meet this requirement, the **nominated adviser** should advise the **Exchange** as soon as practicable.

A **nominated adviser** must liaise (and be available to liaise) with the **Exchange** when requested to do so by the **Exchange** or an **AIM company** for which it acts and should be contactable at all times, in particular during the **Exchange's** market hours.

A **nominated adviser** must, at the earliest opportunity, seek the advice of the **Exchange** (via **AIM Regulation**) in any situation where it is unsure as to the application or interpretation of these rules or the **AIM Rules for Companies** or it has a concern about the reputation or integrity of **AIM**. It should be noted that on detailed or specific regulatory matters the **Exchange** will not liaise with **nominated advisers** (or **AIM companies** or other advisers) on a 'no-names' basis.

A **nominated adviser** should advise the **Exchange** as soon as practicable if it believes that it or an **AIM company** has breached the **AIM Rules for Companies** or these rules.

All communications between the **Exchange** and a **nominated adviser** are confidential to the **Exchange** and should not be disclosed, except as required by any other regulatory or statutory body. Such communications can be disclosed to appropriate advisers to the **nominated adviser** or to the relevant **AIM company**, unless the **Exchange** states otherwise.

20 Becoming or ceasing to be nominated adviser to an AIM company

A **nominated adviser** must submit to the **Exchange** a completed **nominated adviser's declaration** in relation to any **applicant** seeking **admission** (in accordance with the **AIM Rules for Companies**) or where that **nominated adviser** becomes **nominated adviser** to an existing **AIM company**.

Where a **nominated adviser** ceases to act for an **AIM company**, it must inform **AIM Regulation** as soon as possible (by email) and must include with that notification the reason why it has ceased to act.

Independence and conflicts

21 Independence on a continuing basis

A **nominated adviser** must be able to demonstrate to the **Exchange** that both it and its executives are independent from the **AIM companies** for which it acts such that there is no reasonable basis for impugning the **nominated adviser's** independence.

Where the **Exchange** requires a **nominated adviser** to demonstrate clearly that neither its independence nor that of any of its executives has or will be compromised by any potential conflict of interest, the burden of proof will be upon the **nominated adviser**.

In cases of doubt about its independence a **nominated adviser** should consult the **Exchange** in advance of entering into any arrangements.

Schedule One sets out further rules in relation to the independence of a **nominated adviser**.

22 Conflicts of interest

A **nominated adviser** must not have, and must take care to avoid, the semblance of a conflict between the interests of the **AIM companies** for which it acts and those of any other party.

In particular, a **nominated adviser** must not act for any other party to a transaction or take-over other than its **AIM company** client.

Procedures, staff and records

23 Proper procedures

A **nominated adviser** must ensure that it maintains procedures which are sufficient for it to discharge its ongoing obligations under these rules. The **nominated adviser** should ensure that its compliance and procedures manual (or similar) reflects and takes account of the requirements of these rules, as appropriate.

In particular, it must ensure that any members of staff who are not approved as **Qualified Executives** are properly supervised by a **Qualified Executive** at all appropriate times in relation to matters relating to **AIM companies**.

24 Adequacy of Staff

A **nominated adviser** must ensure that it has sufficient **Qualified Executives** (and other corporate finance staff) to discharge its obligations as a **nominated adviser** under these rules at all times. In assessing whether it has sufficient staff, a **nominated adviser** must have regard to the number and type of **AIM companies** for which it acts, and the experience in relevant corporate finance matters of the corporate finance team as a whole.

25 Maintenance of appropriate records

A **nominated adviser** must retain sufficient records to maintain an audit trail of the key discussions it holds with, advice which it has given to, and the key decisions it has made in respect of, the **AIM companies** for which it acts as **nominated adviser**. A **nominated adviser** should ensure that it is able (including by keeping appropriate records) to demonstrate the basis for advice given and key decisions taken, such as internal considerations and any actions taken prior to the advice being given. Such records must be retained whilst a firm is **nominated adviser** to a company and for at least three years after it ceases to be **nominated adviser**.

When performing a review of a **nominated adviser**, the **Exchange** will look for clear evidence that at least those matters set out in Schedule Three have been considered and that appropriate actions have been taken in order to ensure compliance with these rules and the **AIM Rules for Companies**.

Part Three

Review and Discipline of a Nominated Adviser

26 Review of nominated advisers

A **nominated adviser** may be subject to a formal review by the **Exchange** to ensure that it has fully discharged its responsibilities under these rules and the **AIM Rules for Companies**. A **nominated adviser** must ensure that its **Qualified Executives** co-operate fully with the **Exchange** and that the **Qualified Executive** who was responsible for a transaction is available to answer any questions by the **Exchange** about any relevant matter.

A **nominated adviser** must allow **Exchange** officers access to its records (hard and electronic copies) and business premises when so requested by the **Exchange**.

27 Removal of Qualified Executives

The **Exchange** may remove the **Qualified Executive** status of an employee of a **nominated adviser** where that employee is subject to bankruptcy, disciplinary action by another regulator, mentally incapacitated or has been shown by a formal review by the **Exchange** of the **nominated adviser** or otherwise to have failed to act with due skill and care or in accordance with these rules or the **AIM Rules for Companies** in relation to his/her employer's role as a **nominated adviser**.

28 Appeals against the removal of Qualified Executives

Either a **nominated adviser** or the **Qualified Executive** may appeal against a decision to disqualify that executive in accordance with the non-disciplinary appeals procedures set out in the **Disciplinary Procedures and Appeals Handbook**.

29 Disciplinary action against a nominated adviser

If the **Exchange** (in accordance with the procedures set out in the **Disciplinary Procedures and Appeals Handbook**) considers that a **nominated adviser** is either in breach of its responsibilities under these rules or the **AIM Rules for Companies** or that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgment, the **Exchange** may in relation to such **nominated adviser** take one or more of the following actions:

- issue a **warning notice**;
- levy a fine;
- issue a censure; or
- remove the **nominated adviser** from the **register**; and
- publish the action the **Exchange** has taken and the reasons for that action.

30 Moratorium on acting for further AIM companies

Where, in the opinion of the **Exchange**, a **nominated adviser** no longer meets the requirements of Part One of these rules or it is not meeting its responsibilities under these rules or it has insufficient staff pursuant to rule 24 of these rules or it is the subject of disciplinary action by the **Exchange** or if there is a reasonable likelihood of a change of control or there has been a change in its financial position or operating position that may affect its ability to act as a **nominated adviser**, the **Exchange** may prevent that **nominated adviser** from acting as a **nominated adviser** to any additional **AIM companies** until that situation is resolved to the **Exchange's** satisfaction.

The **Exchange** may make the imposition of any moratorium public by way of an AIM notice published by **RNS** and/or marking the **register** accordingly.

31 Appeals by nominated advisers

Where the **Exchange** takes any steps against a **nominated adviser** pursuant to these rules, any decision of the **Exchange** in relation to these rules or the **AIM Rules for Companies** in respect of a **nominated adviser** may be appealed by that **nominated adviser** in accordance with the procedures set out in the **Disciplinary Procedures and Appeals Handbook**.

32 Publication of the removal of nominated adviser status

Where the **Exchange** removes **nominated adviser** status (for example, due to disciplinary action or it failing to continue to meet the eligibility criteria set out in Part One of these rules) or where a **nominated adviser** requests to have that status removed, the **Exchange** will notify such removal by way of an AIM notice published on **RNS** and/or mark the **register** accordingly.

Glossary

The following terms have the following meanings when used in these rules unless the context otherwise requires.

Term	Meaning
AIM Regulation	The AIM Regulation team at the Exchange contactable at aimregulation@lseg.com and 020 7797 4154
Criteria	The criteria set out in rule 2 of these rules.
FSMA Recognition Requirements	Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 and the FCA Handbook implementing these regulations.
nominated adviser's declaration	The declaration to be given by the nominated adviser to an AIM company as required in the AIM Rules for Companies which should be in the form set out in Schedule Two of these rules.
Qualified Executive	As defined in rule 4 of these rules.
Relevant Transaction	As defined in rule 5 of these rules.

Schedules

Schedule One - Independence in relation to rule 21

For the avoidance of doubt:

- A **nominated adviser** may not act as both reporting accountant and/or auditor on the one hand and **nominated adviser** to an **AIM company** on the other unless it has satisfied the **Exchange** that appropriate safeguards are in place;
- No partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee may hold the position of a director of an **AIM company** for which the firm acts as **nominated adviser**;
- No **nominated adviser** or partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee either individually or collectively may be a **substantial shareholder** (i.e. 10% or more, taking into account options, warrants or similar that it may hold as if they have been exercised) of an **AIM company** for which the firm acts as **nominated adviser**;
- A **nominated adviser** or partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee may be a **significant shareholder** (i.e. 3% or more, taking into account options, warrants or similar that it may hold as if they have been exercised) of an **AIM company** for which the firm acts as **nominated adviser** provided adequate safeguards are in place to prevent any conflict of interest;
- No **nominated adviser** or partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee may deal in the securities of an **AIM company** or any related financial product for which the firm acts as **nominated adviser** during any **MAR** closed period of that company;
- When calculating an interest in a client company a nominated adviser is permitted to disregard any interest in shares pursuant to rules 5.1.3 to 5.1.5 inclusive of the **DTR**; and
- If a **nominated adviser** breaches any of the above limits as a result of its underwriting activities it must make best endeavours to sell down its holding to within the guidelines as soon as reasonably practicable.

Note: As guidance, bullet points 3 - 5 inclusive above will only apply to the corporate finance function of a **nominated adviser** firm and not to other areas adequately separated by chinese walls or similar safeguards. In such situations the burden of proof required of the **nominated adviser** under rule 21 remains.

Schedule Two – Nominated adviser’s declaration

This **nominated adviser** confirms that:

SECTION A:

to the best of its knowledge and belief having made due and careful enquiry and considered all relevant matters under the **AIM Rules for Companies** and **AIM Rules for Nominated Advisers** in relation to this application for **admission**, all applicable requirements of the **AIM Rules for Companies** and **AIM Rules for Nominated Advisers** have been complied with and, in particular, (i) the **admission document** complies with Schedule Two of the current **AIM Rules for Companies**, or (ii) (in the case of a **quoted applicant** only) the requirements of Schedule One and its supplement have been complied with; and

SECTION B:

- (a) it is satisfied that the **applicant** and its securities are appropriate to be admitted to **AIM**, having made due and careful enquiry and considered all relevant matters set out in the **AIM Rules for Companies** and the **AIM Rules for Nominated Advisers** and;
- (b) the directors of the **applicant** have received advice and guidance (from this **nominated adviser** and other appropriate professional advisers) as to the **applicant’s** responsibilities and obligations under the **AIM Rules for Companies** in order to facilitate due compliance by the **applicant** on an ongoing basis; and
- (c) it will comply with the **AIM Rules for Companies** and **AIM Rules for Nominated Advisers** as applicable to it in its role as **nominated adviser** to this **applicant**.

NOTE:

Sections A and B must be completed where securities are being admitted to **AIM** pursuant to an **admission**.

Only Section B must be completed where this form is being completed pursuant to a change of **nominated adviser** and Section A will not be applicable. In such cases, the term **applicant** should be deemed to read **AIM company**.

Terms used in this **nominated adviser’s declaration** are as defined in the **AIM Rules for Companies**.

Schedule Three – Nominated adviser Responsibilities

The responsibilities set out in this Schedule Three consist of numbered principles in bold followed by a list of actions. The numbered principles must be satisfied in all cases. The actions which follow each principle represent a non-exhaustive list of tasks that the Exchange would usually expect a nominated adviser to fulfil in satisfying that principle.

Other actions can therefore be substituted in order to satisfy each overriding principle or the nominated adviser may decide that a particular action set out below is not appropriate. The reasons for this should be noted as part of the record keeping duties under rule 25 in order to evidence to the Exchange that a nominated adviser has acted with due skill and care.

Admission Responsibilities

These apply to a **nominated adviser** that is acting for an **applicant** (including in relation to a reverse takeover coming within rule 14 of the **AIM Rules for Companies** and also including, as applicable, a **quoted applicant**) in respect of its **admission to AIM**.

THE APPLICANT AND ITS SECURITIES

AR1 - In assessing the appropriateness of an applicant and its securities for AIM, a nominated adviser should achieve a sound understanding of the applicant and its business

In meeting this, the **nominated adviser** should usually:

- ensure it has, or has access to, appropriate knowledge of the **applicant's** area of business (taking into account its country of incorporation and operation), using in-house specialists or external experts where necessary to achieve this
- consider the **applicant's** sector, proposition, business plan or similar, historical financial information and other corporate information, including the due diligence performed further to AR3
- consider any issues relating to the **applicant's** country of incorporation and operation and any other issues that might affect its appropriateness
- undertake a visit to the **applicant's** material site(s) of operation and meet the **directors** and key managers. The necessity of meeting any other relevant material stakeholders (e.g. key **shareholders**) should also be considered
- consider appointing its own legal advisers who are independent from the **applicant** to assist in the **nominated adviser's** understanding of the **applicant** and to provide advice to the **nominated adviser** that is independent of the **applicant**

DIRECTORS AND BOARD

AR2 – In assessing the appropriateness of an applicant and its securities for AIM, a nominated adviser should (i) investigate and consider the suitability of each director and proposed director of the applicant; and (ii) consider the efficacy of the board as a whole for the company's needs, in each case having in mind that the company will be admitted to trading on a UK public market

In meeting this, the **nominated adviser** should usually:

- issue and review **directors'** questionnaires and review **directors'** CVs
- test the information revealed by the above questionnaires and CVs, for example by conducting press searches, Companies House checks, taking-up references and, where appropriate, obtaining third party checks. For **directors** who are not **UK**-based, appropriate investigations should be undertaken
- extend these investigations and considerations as appropriate to key managers and consultants who are discussed in the **admission document**

- consider undertaking such investigations in relation to **substantial shareholders** at **admission** as appropriate, especially where there is uncertainty as to their identity or where they are not established institutions, in particular to enquire about the existence of **persons** exerting control over the **applicant**
- analyse any issues arising from these investigations, in particular as to how they could affect the **applicant's** appropriateness to be admitted to **AIM** and be publicly traded
- consider each **director's** suitability and experience in relation to their (proposed) company role and consider whether each (proposed) **director** is suitable to be a **director** of a **UK** public company
- consider the board of **directors** as a whole in relation to the **applicant's** needs, for example given its type, size, expected profile and the fact that the **applicant** will be admitted to a **UK**-based, English-language public market
- consider, with the **directors** of an **applicant**, the adoption of appropriate corporate governance measures

DUE DILIGENCE

AR3 – The nominated adviser should oversee the due diligence process, satisfying itself that it is appropriate to the applicant and transaction and that any material issues arising from it are dealt with or otherwise do not affect the appropriateness of the applicant for AIM

In meeting this, the **nominated adviser** should usually:

- be satisfied that appropriate financial and legal due diligence is undertaken by an appropriate professional firm(s)
- be satisfied that appropriate working capital and financial reporting systems and controls reviews are undertaken (usually including reports or letters from accountants to the **applicant**)
- consider whether commercial, specialist (e.g. intellectual property) and/or technical due diligence is required and be satisfied that it is undertaken where required
- agree the scope of all such due diligence and reports (including, in relation to the working capital report, assumptions and sensitivities)
- review and assess the above due diligence, reports and adviser comfort letters, considering any material issues, recommended actions or adverse analysis raised and be satisfied that appropriate actions have been undertaken to resolve such matters or otherwise be satisfied that such matters do not affect the appropriateness of the **applicant** for **AIM**

ADMISSION DOCUMENT

AR4 – The nominated adviser should oversee and be actively involved in the preparation of the admission document, satisfying itself (in order to be able to give the nominated adviser's declaration) that it has been prepared in compliance with the AIM Rules for Companies with due verification having been undertaken

In meeting this, the **nominated adviser** should usually:

- oversee and be actively involved in the drafting of the sections of the **admission document** that relate to the business of the **applicant** (usually the Key Information and Part 1 sections) and the risk factors, being satisfied that they take into account matters raised by due diligence
- be satisfied that the financial and additional information sections have been appropriately prepared
- consider whether any specialist third party reports are required (e.g. for companies in particular sectors such as property or biotechnology)
- be satisfied that appropriate verification of the **admission document** and any related **notifications** has taken place
- be satisfied (in the terms of the **nominated adviser's declaration**) that the **admission document** (or any appendix prepared by a **quoted applicant** in relation to paragraph (k) of the supplement to Schedule One of the **AIM Rules for Companies**) complies with the **AIM Rules for Companies**, liaising with **AIM Regulation** to the extent that rule derogations or interpretations may be required

Quoted applicants: **Quoted applicants** are not required to produce an **admission document** and therefore some of the provisions of AR4 will not be applicable. However, paragraph (k) of the supplement to Schedule One of the **AIM Rules for Companies** will necessitate a full consideration of the requirements of Schedule Two of the **AIM Rules for Companies**. In addition, the statements required to be given pursuant to the Supplement to Schedule One of the **AIM Rules for Companies** should be given after due and careful enquiry.

AIM RULE COMPLIANCE

AR5 – The nominated adviser should satisfy itself that the applicant has in place sufficient systems, procedures and controls in order to comply with the AIM Rules for Companies and should satisfy itself that the applicant understands its obligations under the AIM Rules for Companies

In meeting this, the **nominated adviser** should usually:

- be satisfied that procedures within the company have been established to facilitate compliance with the **AIM Rules for Companies**, e.g. release of unpublished price sensitive information, Rule 17 **notifications**, rule 21 dealing policy.
- be satisfied that the **directors** have been advised of their and the company's continuing responsibilities and obligations under the **AIM Rules for Companies** and that the **directors** are aware of when they should be consulting with or seeking the advice of the **nominated adviser**. The **nominated adviser** should be involved in the provision of this advice to the **directors** so that they are aware of the practical consequences of the requirements of the **AIM Rules for Companies**.

Ongoing Responsibilities

These apply on a continuing basis in respect of any **nominated adviser** who acts for an **AIM company**.

REGULAR CONTACT BETWEEN COMPANY AND NOMINATED ADVISER

OR1 – The nominated adviser should maintain regular contact with an AIM company for which it acts, in particular so that it can assess whether (i) the nominated adviser is being kept up-to-date with developments at the AIM company and (ii) the AIM company continues to understand its obligations under the AIM Rules for Companies

In meeting this, the **nominated adviser** should usually:

- maintain regular contact with the **AIM company**, in particular to be satisfied that the **nominated adviser** is kept up-to-date in order that it can advise the company on its obligations under the **AIM Rules for Companies** (especially the requirements of Rule 11 and to identify breaches of the **AIM Rules for Companies** (e.g. in relation to Rule 17 disclosures))
- assess whether the **AIM company** continues to understand its obligations under the **AIM Rules for Companies**, for example by having discussions with the **directors** where appropriate and be satisfied that any procedures required pursuant to AR5 continue to be effective

REVIEW OF NOTIFICATIONS

OR2 – The nominated adviser should undertake a prior review of relevant notifications made by an AIM company with a view to ensuring compliance with the AIM Rules for Companies

In meeting this, the **nominated adviser** should usually:

- review in advance (although without prejudice to the requirement of Rule 10 to release information without delay) all **notifications** to be made by an **AIM company** for which it acts to ensure as far as reasonably possible that they comply with the **AIM Rules for Companies**. Where the **nominated adviser** reasonably believes a company's **directors** have appropriate

- knowledge and experience of the **AIM Rules for Companies**, review of routine announcements (e.g. pursuant to rule 17) may not be necessary
- include the **nominated adviser's** name and a contact name on all such announcements that a **nominated adviser** reviews, other than routine announcements

MONITOR TRADING

OR3 – The nominated adviser should monitor (or have in place procedures with third parties for monitoring) the trading activity in securities of an AIM company for which it acts, especially when there is unpublished price sensitive information in relation to the AIM company

In meeting this, the **nominated adviser** should usually:

- use suitable alerts or other triggers to alert the **nominated adviser** to substantial price or trading movements. This can be satisfied via the **broker**
- contact an **AIM company** where appropriate if there is a substantial movement to ascertain whether an announcement or other action is required, liaising with the **Exchange** where appropriate
- consider the necessity for arranging relevant press monitoring, particularly when there is material unpublished price sensitive information in existence

ADVISE THE AIM COMPANY ON ANY CHANGES TO THE BOARD OF DIRECTORS

OR4 – The nominated adviser should advise the AIM company on any changes to the board of directors the AIM company proposes to make, including (i) investigating and considering the suitability of proposed new directors and (ii) considering the effect any changes have on the efficacy of the board as a whole for the company's needs, in each case having in mind that the company is admitted to trading on a UK public market

In satisfying this, the **Exchange** would expect the **nominated adviser** to usually:

- be satisfied that the **AIM company** knows to liaise with the **nominated adviser** at the earliest opportunity about proposed changes to the board, in order to allow the **nominated adviser** appropriate time to comply with OR4
- in relation to new **directors**, consider the requirements of AR2 (and where relevant the guidance to admission responsibilities) and take the appropriate actions including issuing and reviewing **director's** questionnaires, reviewing the **director's** CV and testing such information
- consider whether such proposed **directors** are suitable to be a **director** of a **UK** public company and consider the effect of the appointment on the efficacy of the board as a whole for the company's needs
- in relation to the removal of **directors**, consider how this affects the efficacy of the board as a whole for the company's needs, make any recommendations it thinks fit to the **AIM company** and considering whether this in turn affects the **AIM company's** appropriateness for **AIM**

Engagement Responsibilities

These apply when a **nominated adviser** is being engaged as a **nominated adviser** to an existing **AIM company**.

In satisfying these responsibilities, a **nominated adviser** should in addition refer to AR1 (in relation to ER1 below), AR2 (in relation to ER2) and AR5 (in relation to ER3) and where relevant the guidance to admission responsibilities; and consider what actions may be appropriate. The actions to be taken will depend on, for example, the circumstances surrounding the change of **nominated adviser** or the changes that have taken place in the company since **admission**. For example, it is unlikely that the due diligence reports usually obtained in preparation for **admission** as mentioned in part of AR1 would be required on engagement pursuant to ER1 or ER3 below.

THE AIM COMPANY AND ITS SECURITIES

ER1 - In assessing the appropriateness of an AIM company and its securities for AIM when taking on an existing AIM company, a nominated adviser should achieve a sound understanding of the AIM company and its business

In satisfying this, the **nominated adviser** should usually:

- gain a knowledge of any major developments relating to the company since **admission** and consider their effect on the appropriateness of the **AIM company**
- consider contacting the outgoing **nominated adviser** to discuss their experiences with the **AIM company**. An outgoing **nominated adviser** should be constructive and open (to the extent possible) with a new **nominated adviser** who contacts them for such discussion.

DIRECTORS AND BOARD

ER2 – In assessing the appropriateness of an existing AIM company and its securities for AIM, a nominated adviser should (i) investigate and consider the suitability of each director and proposed director of the AIM company and (ii) consider the efficacy of the board as a whole for the company's needs, in each case having in mind that the company is admitted to a trading on a UK public market

AIM RULE COMPLIANCE

ER3 – The nominated adviser should satisfy itself that the AIM company has in place sufficient systems, procedures and controls in order to comply with the AIM Rules for Companies and should satisfy itself that the AIM company and its directors understand their obligations under the AIM Rules for Companies

General

In this Schedule Three:

- Where a **nominated adviser** is expected to consider or satisfy itself of a particular matter, this is expected to be after due and careful enquiry and exercising due skill and care. The **nominated adviser** should keep an appropriate record to evidence this.
- A **nominated adviser** should seek advice and assistance from other professional advisers where appropriate in fulfilling these responsibilities but should retain overall management and responsibility (i) for any **admission** process in relation to **AIM companies** for which it acts and (ii) in relation to advising **AIM companies** on their ongoing compliance with the **AIM Rules for Companies**.

Guidance to Admission Responsibilities

Before a **Schedule One** form is submitted in respect of a new **applicant**, a **nominated adviser** is required to submit an early notification form under rule 2 of the **AIM Rules for Companies**. Irrespective of the requirement for early notification, it is important for a **nominated adviser** to have early discussions with the **Exchange** where the circumstances of the **applicant** and its **AIM securities** could affect its appropriateness for **AIM**. The **Exchange** will generally consider the following non-exhaustive examples as matters that could affect appropriateness:

- questions as to the good character, skills, experience or previous history of a **director**, key manager, senior executive, consultant or major shareholder
- the rationale for seeking **admission** to **AIM** is not clear
- formal criticism of the **applicant** and/or any of its **directors** by other regulators, governments, courts, law enforcement or exchange bodies
- the **applicant** has been denied admission to trading on another trading platform or exchange
- the **applicant** has a vague or ill-defined business model or its business operations

- corporate structure and business models which may give rise to concerns regarding appropriateness for a public market, for example where there are issues regarding the legality of the **applicant's** business operations in the **UK** and any jurisdiction where they are materially carried on; or the **applicant** has not yet secured the key licences, government approvals, intellectual property rights or other property rights it will need to operate its business
- the **applicant** holds a derivative or economic interest in a material part of its assets or business operations via a risky contractual arrangement (for example contractual arrangements that are potentially unenforceable or may not be enforced or may be difficult to enforce in practice) with the owner of the assets or operations rather than by owning them itself or through a subsidiary

These factors can be of such importance that each in their own right may mean that an **applicant** is not appropriate for **AIM**. Further, there may be circumstances where an individual factor which may not on its own prevent an **admission** but when presented in combination with other factors may make an **applicant** not appropriate for **admission**.



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SCHEDULE 3 – AIM DISCIPLINARY PROCEDURES AND APPEALS HANDBOOK



London
Stock Exchange

**AIM DISCIPLINARY PROCEDURES AND APPEALS
HANDBOOK – MAY 2014**

AIM DISCIPLINARY PROCEDURES AND APPEALS HANDBOOK

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INTRODUCTION

This handbook, which forms part of the **AIM** rules, sets out the procedures to be followed when: (i) the **Exchange** wishes to commence disciplinary proceedings against an **AIM company** or **nominated adviser** for a breach of the **AIM** rules; and (ii) an **AIM company**, a **nominated adviser**, or any entity applying to become an **AIM company** or **nominated adviser** wishes to lodge an appeal pursuant to the **AIM** rules against any decision of the **Exchange**.

Defined terms used in this handbook shall have the meanings set out in the Glossary to the **AIM** rules.

For the purposes of this handbook: the term “**AIM** rules” shall mean the “AIM Rules for Companies” and the “AIM Rules for Nominated Advisers” as applicable; and the term “**AIM company**” shall include a company that ceases to have a class of securities admitted to trading on **AIM**, over which the **Exchange** retains jurisdiction pursuant to the **AIM** rules.

DISCIPLINARY PROCESS

Where the **Exchange** wishes to commence disciplinary action against an **AIM company** or a **nominated adviser** pursuant to the **AIM** rules, it shall refer such disciplinary matter to either the **AIM** Executive Panel or the **AIM** Disciplinary Committee. In appropriate cases (including where a greater sanction than the **AIM** Executive Panel is authorised to impose is deemed appropriate by the **AIM** Executive Panel), the **AIM** Executive Panel may refer the case to the **AIM** Disciplinary Committee.

There are a number of factors which the **Exchange** takes into account when considering what disciplinary action to take in relation to a rule breach. These are set out below:

- The nature and seriousness of the rule breach and the duration and frequency of misconduct
- How the rules breach came to light
- The actual or potential market impact of the rule breach, and any other repercussions
- The extent to which the rule breach was deliberate or reckless
- The general compliance history of the **AIM company** or **nominated adviser**, and specific history regarding the rule breach in question
- Consistent and fair application of the rules (any precedents of previous similar rule breaches)
- The responsiveness and conduct of the **AIM company** or **nominated adviser** in relation to the matter under investigation.

The **Exchange's** approach to regulation is aimed at maintaining the integrity, orderliness, transparency and good reputation of its markets and changing behaviour in those markets where necessary. The **Exchange** will investigate the facts of each case, seeking to understand why the rule breach occurred and will assess whether any remedial action the **AIM company** or **nominated adviser** has taken is adequate to prevent similar future occurrence.

Upon conclusion of its investigation the **Exchange** will decide what action is necessary in each instance. The **Exchange** may, as an initial step, instruct the **AIM company** or **nominated adviser** concerned (via email, telephone, or in a meeting) to take remedial action. Alternatively, the **Exchange** may decide to issue a **-warning notice** to the **AIM company** or **nominated adviser** concerned. These measures all form part of the disciplinary process.

The **AIM Executive Panel** is a panel comprised of appropriately experienced senior members of the **Exchange's** staff. The procedures followed by the **AIM Executive Panel** are set out in rules C4 to C14 below. Any final decision of the **AIM Executive Panel** (other than a decision to refer a matter to the **AIM Disciplinary Committee**) may be appealed to the **AIM Appeals Committee**. There is no appeal on interim procedural directions or decisions.

The **AIM Disciplinary Committee** is drawn from a pool of appropriately experienced (non-**Exchange**) persons and its procedures are set out in rules C15 to C25 below. The **AIM Disciplinary Committee** may impose a wider range of sanctions than the **AIM Executive Panel** and has discretion to publicise its findings. Any final decision of the **AIM Disciplinary Committee** may be appealed to the **AIM Appeals Committee**. There is no appeal on interim procedural directions or decisions.

The **AIM Appeals Committee** is also drawn from a pool of appropriately experienced persons who are not members of the **Exchange's** staff and hears appeals against the findings of the **AIM Disciplinary Committee** and the **AIM Executive Panel**. The procedures followed by the **AIM Appeals Committee** are set out in rules C26 to C35 below. The **AIM Appeals Committee** may uphold, quash or vary any decision it is asked to consider.

NON-DISCIPLINARY APPEAL PROCEDURE

In the first instance, appeals against decisions of the **Exchange** permitted under the **AIM** rules are heard by the **AIM Executive Panel**. The **AIM Executive Panel** may uphold, quash or vary any decision it is asked to consider. There is no appeal on the **Exchange's** decision to refer a matter to the **AIM Executive Panel**.

Appeals against the findings of the **AIM Executive Panel** are heard by the **AIM Appeals Committee**. The **AIM Appeals Committee** may uphold, quash or vary any decision it is asked to consider.

GENERAL

Imposition of sanctions

C1.1 If the **Exchange** considers that an **AIM company** has contravened the **AIM** rules it may issue a **warning notice** and/or refer the matter to the **AIM Executive Panel** or the **AIM Disciplinary Committee**. If the **Exchange** considers that a **nominated adviser** has contravened the **AIM** rules, or that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgement, it may issue a **warning notice** and/or refer the matter to the **AIM Executive Panel** or the **AIM Disciplinary Committee**. In considering whether any such sanction(s) are appropriate, the **Exchange** shall take into account all the circumstances of the

case and in particular shall have regard to the matters specified above (under Disciplinary Process).

- C1.2 Where cases against more than one **AIM company** or **nominated adviser**, but which concern related matters, are to be brought before the **AIM Executive Panel**, the **AIM Disciplinary Committee** or the **AIM Appeals Committee**, the **Exchange** may decide, with the agreement of the **AIM Executive Panel**, the **AIM Disciplinary Committee** or the **AIM Appeals Committee**, as appropriate, to bring such cases at the same time, if it would be fair and practicable to do so and after consulting with the relevant **AIM companies** or **nominated advisers** concerned.

Burden of proof

- C2.1 The burden of proof shall be on the **Exchange**. The **Exchange**, the **AIM Executive Panel**, the **AIM Disciplinary Committee** or the **AIM Appeals Committee** (as appropriate) shall not find an allegation proven unless it is satisfied on the balance of probabilities.

Market guidance

- C2.2 The **Exchange** reserves the right to publish, without disclosing the identity of any party concerned, in part, in summary or in full the findings of the **AIM Executive Panel**, the **AIM Disciplinary Committee** or the **AIM Appeals Committee** or details of **warning notices** issued, where the **Exchange** believes that to do so would be of assistance to the market.

WARNING NOTICES

Function of Warning Notices

- C3.1 The **Exchange** may issue a **warning notice** to an **AIM company** or **nominated adviser** for a breach of the **AIM** rules.
- C3.2 A **warning notice** forms part of an **AIM company's** or a **nominated adviser's** formal compliance record.

AIM EXECUTIVE PANEL

Role

- C4.1 The **AIM Executive Panel** shall, when acting as a tribunal of first instance, hear and determine charges against an **AIM company** or **nominated adviser** in respect of a breach of the **AIM** rules.
- C4.2 The **AIM Executive Panel** shall, when acting as an appellate tribunal, hear and determine appeals by an appellant against a decision of the **Exchange** permitted under the **AIM** rules.

Sanctions

- C5.1 Where the **AIM Executive Panel**, acting as a tribunal of first instance, finds an allegation proven on the balance of probabilities, the **AIM Executive Panel** may:
- C5.1.1 censure the **AIM company** or **nominated adviser** (as appropriate);

C5.1.2 impose a fine of up to £50,000 for each breach on the **AIM company** or **nominated adviser** (as appropriate); or

C5.1.3 refer the case to the **AIM** Disciplinary Committee for hearing.

C5.2 The **AIM** Executive Panel may grant a consent order in respect of any settlement within its powers that may be negotiated between the **Exchange** and an **AIM company** or **nominated adviser** in relation to any disciplinary action taken by the **Exchange**.

Appeal powers

C6. The **AIM** Executive Panel may, when acting as an appellate tribunal, uphold, quash or vary (in accordance with these rules) any decision by the **Exchange** which can be appealed under the **AIM** rules or refer the matter to the **AIM** Appeals Committee for further consideration.

Membership

C7.1 Members of the **AIM** Executive Panel shall be appropriately experienced senior members of the **Exchange's** staff.

C7.2 The **AIM** Executive Panel appointed pursuant to a referral or an appeal shall have between three and five members (including the Chairman appointed pursuant to C7.6) and shall have a quorum of three.

C7.3 No member of the **Exchange's** staff who has been involved in the investigation or prosecution of the charge(s) in a disciplinary case shall be appointed to the **AIM** Executive Panel considering that disciplinary case.

C7.4 No member of the **Exchange's** staff who has been involved in a decision of the **Exchange** which is the subject of an appeal to the **AIM** Executive Panel shall be appointed to the **AIM** Executive Panel considering an appeal against that decision.

C7.5 The names of the members of the **AIM** Executive Panel will be disclosed to the applicant, the **AIM company** or **nominated adviser** (as applicable).

C7.6 Each **AIM** Executive Panel hearing a case shall appoint one of its members to be the Chairman.

C7.7 A party may object to the membership of the **AIM** Executive Panel on the grounds of conflict of interest or breach of rules C7.3 or C7.4. Such objection must be notified promptly, and prior to the hearing of the case, to the **Exchange**. If the **AIM** Executive Panel upholds the objection, it will take appropriate action to address the objection. The decision of the **AIM** Executive Panel under this rule is an interim decision and cannot be appealed separately from an appeal against the final decision of the **AIM** Executive Panel under rule C13.1.

Confidentiality

C8. Other than as set out in these rules, and other than as between a party and its advisers, each party shall keep confidential any matters relating to any proceedings save where disclosure is permitted or required by law.

Mode of referral when acting as a tribunal of first instance

- C9.1 Proceedings before the **AIM** Executive Panel shall be commenced by the **Exchange** submitting a statement of case to the **AIM company** or **nominated adviser** (as appropriate). The statement of case shall set out the charge(s) and all material facts taken into account and shall have attached to it copies of all documents relevant to the charge(s).
- C9.2 The **AIM company** or **nominated adviser** may, within five **business days** (or such other period agreed between the parties) of receipt of the statement of case, submit to the **Exchange** a statement in response setting out all material facts and having attached to it copies of all documents relied upon.
- C9.3 The Chairman of the **AIM** Executive Panel may vary the period referred to in rule C9.2 above at the request of the **AIM company** or **nominated adviser**.
- C9.4 Following receipt of the **AIM company's** or **nominated adviser's** (as applicable) statement of response, the **Exchange** shall submit to the **AIM** Executive Panel the statement of case and the **AIM company** or **nominated adviser's** response (if any), together with copies of all other relevant documents.

Mode of referral when acting as an appellate tribunal

- C10.1 Appeals to the **AIM** Executive Panel must be commenced by service of a notice in writing on the **Exchange** within 10 **business days** of the service of the decision by the **Exchange**. The notice should set out the name of the appellant, the decision appealed against, the grounds of appeal and all material facts and shall have attached to it copies of all documents relevant to the appeal. The notice should be copied to the **Exchange's** Company Secretary, who will ensure that the notice is transmitted to the Chairman of the **AIM** Executive Panel.
- C10.2 The **Exchange** may, within 10 **business days** (or such other period agreed between the parties) of receipt of the notice under rule C10.1, submit to the Chairman of the **AIM** Executive Panel a statement in response setting out all the material facts and having attached to it copies of all documents relied upon. Such statement shall be copied to the appellant (subject to any legal duty of confidentiality with respect to any details in such response)
- C10.3 On receipt of a notice under rule C10.1 and any statement in response under rule C10.2 above, the Chairman of the **AIM** Executive Panel will arrange a hearing as soon as reasonably practicable.
- C10.4 The Chairman of the **AIM** Executive Panel may vary the time periods referred to in rules C10.1 – C10.3 (other than the period during which an appeal may be made under rule C10.1) at the request of either party.

Procedure

- C11.1 Save in circumstances where either party notifies the Chairman of the **AIM** Executive Panel that it believes an oral hearing is essential to establish all the relevant facts and requests the Chairman to hold such an oral hearing, proceedings before the **AIM** Executive Panel will take place through the consideration of documents with no oral hearing.

- C11.2 Where there is to be a hearing in accordance with rule C11.1 above, the **AIM** Executive Panel will conduct it in private.
- C11.3 The parties may attend the hearing but any hearing may proceed in the absence of one or both of the parties.
- C11.4 The **AIM** Executive Panel will give not less than five **business days** notice of the time and place of any hearing to the parties. This notice period may be shortened with the agreement of the parties.

Deliberations and decisions

- C12.1 The **AIM** Executive Panel may deliberate at any time and make any decision in the absence of the parties. The **AIM** Executive Panel is entitled to reach decisions on a majority basis. Where a majority decision is reached, this will not be disclosed.
- C12.2 When considering appeals, the **AIM** Executive Panel will only quash or vary a decision of the **Exchange** if it is satisfied, on the balance of probabilities, that the decision is a misinterpretation or an erroneous application of any of the **AIM** rules or is not justified by the evidence on which it is based.
- C12.3 Following its determination, the **AIM** Executive Panel will notify the parties in writing of:
- C12.3.1 its decision;
 - C12.3.2 the reason(s) for its decision;
 - C12.3.3 in disciplinary cases, whether any penalty is to be imposed under rule C5.1 above. Any fine must be paid by the **AIM company** or **nominated adviser** (as applicable) within 30 days of receipt of such notification unless appealed in accordance with these rules; and
 - C12.3.4 a time limit for lodging any appeal against the decision or any part thereof which will be not less than 10 **business days** from the date of service of the decision on the parties.
- C12.4 If the **AIM** Executive Panel decides to refer a case to the **AIM** Disciplinary Committee as set out under rule C5.1 above, no public announcement will be made until the **AIM** Disciplinary Committee has reached a decision.

Appeal

- C13.1 Appeals against final decisions of the **AIM** Executive Panel (as notified to the parties under rule C12.3) are heard by the **AIM** Appeals Committee, in accordance with its procedures. Appeals must be commenced by service of a notice in writing on the Chairman of the **AIM** Executive Panel within 10 **business days** of the service of the **AIM** Executive Panel's decision (or such other time period as prescribed under rule C12.3.4), setting out the name of the appellant, the decision appealed against, the grounds of appeal, all material facts and attaching copies of all documents relevant to the appeal.

- C13.2 On receipt of a notice under rule C13.1 above, the Chairman of the **AIM** Executive Panel will arrange for the appointment of a Secretary of the **AIM** Appeals Committee who will arrange a hearing as soon as reasonably practicable.
- C13.3 The Chairman of the **AIM** Executive Panel or the **AIM** Appeals Committee may extend the time for appeal.
- C13.4 Notwithstanding rule C13.1 above, appeals against decisions of the **AIM** Executive Panel on grounds of new evidence (including those where there are other grounds of appeal), shall be heard by way of rehearing by the **AIM** Executive Panel before the right of appeal to the **AIM** Appeals Committee arises. Where the appellant wishes to rely on evidence which was not before the **AIM** Executive Panel, this shall be stated in the appeal notice and copies or details of such evidence shall be attached to the notice.

Changes to the procedures

- C14. The **AIM** Executive Panel may vary any of its procedures to adapt to the circumstances of any particular case.

AIM DISCIPLINARY COMMITTEE

Role

- C15.1 The **AIM** Disciplinary Committee:
- C15.1.1 shall, as a tribunal of first instance, hear and determine charges against an **AIM company** in respect of a breach of the **AIM** rules;
 - C15.1.2 shall, as a tribunal of first instance, hear and determine charges against a **nominated adviser** in respect of a breach of its responsibilities under the **AIM** rules or in respect of any allegation that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgement; and
 - C15.1.3 may grant a consent order in respect of any settlement that may be negotiated between the **Exchange** and an **AIM company** or **nominated adviser** (as appropriate) in relation to any disciplinary action taken by the **Exchange**.

Sanctions

- C15.2 If the **AIM** Disciplinary Committee finds an allegation against an **AIM company** proven on the balance of probabilities it may impose one or more of the following sanctions.
- C15.2.1 fine the **AIM company**;
 - C15.2.2 censure the **AIM company**;
 - C15.2.3 publish the fact that the **AIM company** has been fined and/or censured and the reasons for such fine or censure; and/or

- C15.2.4 cancel the **admission** of its **AIM securities**.
- C15.3 If the **AIM** Disciplinary Committee finds, on the balance of probabilities, that a **nominated adviser** has breached the **AIM** rules, or that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgement it may impose one or more of the following sanctions:
- C15.3.1 fine the **nominated adviser**;
 - C15.3.2 censure the **nominated adviser**;
 - C15.3.3 remove the **nominated adviser** from the register; and/or
 - C15.3.4 publish the action it has taken and the reasons for such action.

Membership

- C16.1 The **AIM** Disciplinary Committee appointed pursuant to a referral shall have a quorum of three (including the Chairman of the Committee ("Chairman")). The maximum number of members of the **AIM** Disciplinary Committee shall be seven. Any person whom the **AIM** Disciplinary Committee co-opts will count as a member of the **AIM** Disciplinary Committee.
- C16.2 Members of the **AIM** Disciplinary Committee are drawn from a panel ("the panel"), membership of which is approved by the **AIM** Advisory Group.
- C16.3 The **AIM** Disciplinary Committee may co-opt any person whom it considers appropriate.
- C16.4 No-one who is a member of the **Exchange's** staff may be appointed or co-opted.
- C16.5 The Chairman may appoint a legally qualified adviser who shall be independent of any party. Such legal adviser will not be counted as a member of the **AIM** Disciplinary Committee, but shall advise the **AIM** Disciplinary Committee on legal matters. The Chairman may replace the legal adviser at his discretion.
- C16.6 Members of the **AIM** Disciplinary Committee will notify the Secretary of the Committee or the Chairman of any possible conflict of interest at the earliest possible opportunity and in any event prior to any hearing to be held under rule C21 or C22 below. The Chairman will take appropriate action and will then notify the parties to the disciplinary proceedings of the names of the members of the **AIM** Disciplinary Committee and any proposed legal adviser. If any party to the disciplinary proceedings believes that a potential conflict of interest exists, it shall notify the Chairman at the earliest possible opportunity, and the Chairman will take appropriate action.
- C16.7 Where the **AIM** Disciplinary Committee wishes to co-opt a person or to appoint a person to replace a member unable to act whether because of illness, conflict of interest or otherwise and/or the Chairman wishes to replace the legal adviser and the hearing has commenced:

- C16.7.1 the appointment shall only take effect with the consent of the parties and the person co-opted or appointed will be subject to the provisions of rule C22.6 below; and
- C16.7.2 if, in the absence of such consent, the **AIM** Disciplinary Committee does not wish or is not able to continue with the hearing, it will cease to deal with the referral and an entirely new **AIM** Disciplinary Committee will be appointed from the panel, and a new legal adviser will be appointed by the new Chairman, in both cases in accordance with these procedures, and the hearing, but not any pre-hearing procedures, will start afresh in front of the new **AIM** Disciplinary Committee.

Secretary

- C17.1 The **AIM** Disciplinary Committee shall have a Secretary (“the Secretary”) appointed by the **Exchange**. The parties will be notified of the name of the Secretary as soon as reasonably practicable. For the avoidance of doubt, the Secretary may be a member of the **Exchange’s** staff.
- C17.2 The Secretary will carry out any administrative functions. Any notices, notifications and other documents required to be submitted to the **AIM** Disciplinary Committee must be served upon the Secretary who will ensure that copies are provided to the other parties, the members of the **AIM** Disciplinary Committee and any legal adviser as appropriate. Where the **AIM** Disciplinary Committee wishes to notify the parties of any matter it shall do so through the Secretary.
- C17.3 Any notices or other documents required to be served shall be served by delivering by hand or posting by first class post or by sending a fax with a confirmatory copy by first class post to the addresses set out below, save that the Secretary may agree with any of those referred to below a different place for service upon them:
- C17.3.1 in the case of an **AIM company** or **nominated adviser**, to its registered office;
- C17.3.2 in the case of the **Exchange**, to the Secretary with a copy to the Company Secretary of the **Exchange**, at the **Exchange's** registered office; and
- C17.3.3 in the case of any other party, to a place agreed with the Secretary.
- C17.4 Service shall be deemed effective on the date of delivery by hand or, where first class post is used, on the second day after posting or where a fax is sent, on successful receipt of the fax.

Confidentiality

- C18.1 All communications relating to the proceedings (save those which would be privileged from production in a court of law) between the parties and with the **AIM** Disciplinary Committee shall be channelled through the Secretary.

- C18.2 If any **AIM** Disciplinary Committee member or the legal adviser is approached by any **person** to discuss any matter connected with the proceedings such member or legal adviser shall, without delay, notify the Chairman who will take appropriate action.
- C18.3 Other than as set out in these rules, and other than as between the parties and their advisers, all parties shall keep confidential any matters relating to any proceedings save where disclosure is permitted or required by law.

Mode of referral

- C19.1 The **Exchange** shall refer cases to the **AIM** Disciplinary Committee by service of a written statement of case on the Secretary, who will as soon as reasonably practicable serve a copy of the statement of case on the **AIM company** or **nominated adviser** which is the subject of such statement of case. The statement of case shall set out the charges and a summary of the main facts to be relied on.
- C19.2 In the case of referral by the **AIM** Executive Panel (under rule C5.1.3), the **Exchange** shall serve a copy of the statement of case together with the statement of response made by the **AIM company** or **nominated adviser** (as applicable)

Procedure

- C20.1 Following service of a statement of case pursuant to rule C19 above:
- C20.1.1 the **AIM company** or **nominated adviser** in question may submit to the **AIM** Disciplinary Committee a statement in response (or in the case of referral under rule C5.1.3 – a further statement of response) and shall submit to the **AIM** Disciplinary Committee a statement of all material facts and attach to it copies of all documents relied upon; and
 - C20.1.2 each party will then notify the **AIM** Disciplinary Committee of any directions to be sought at a pre-hearing review or their assessment that there is no need for a pre-hearing review.
- C20.2 The Secretary may by agreement with the parties set a timetable for the completion of the procedures under rule C20.1. If no agreement is reached, the Chairman of the **AIM** Disciplinary Committee may specify by notice in writing to the parties the time limits within which the steps at rule C20.1 above are to be carried out.

Directions

- C21.1 Following the completion of the procedures set out in rule C20.1 above, the Chairman or any member of the **AIM** Disciplinary Committee whom he nominates may give any directions and take any other steps he considers appropriate for the clarification of the facts and issues and generally for their just, efficient and expeditious presentation and the determination of the matters in issue. The Chairman or any member of the **AIM** Disciplinary Committee whom he nominates may hold one or more pre-hearing reviews for those purposes and the determination of the matters in issue. By way of example, these directions may include:

- C21.1.1 fixing a time and place for any pre-hearing review and hearing;
- C21.1.2 by written consent of all parties, directing that the hearing or any part of the hearing shall proceed by written representations;
- C21.1.3 recording any admissions made by any party and any request to any party to make admissions;
- C21.1.4 directing any party to indicate whether it admits any particular fact(s) or document(s);
- C21.1.5 directing any party to disclose and serve copies of any documents;
- C21.1.6 setting time limits for any purpose of the proceedings;
- C21.1.7 extending or abridging time limits;
- C21.1.8 adjourning the pre-hearing review, with such orders as it thinks fit;
- C21.1.9 granting leave to amend (including adding documents to) any statement submitted pursuant to rule C20.1 above;
- C21.1.10 varying any previous directions; and
- C21.1.11 making any order for the payment of costs of or in connection with pre-hearing preparation or any pre-hearing review.

The hearing

- C22.1 The **AIM** Disciplinary Committee will usually conduct hearings in private, although an **AIM company** or **nominated adviser** which is subject to proceedings has the right to ask for such hearing to be conducted in public. An **AIM company** or **nominated adviser** requiring such hearing to be conducted in public shall notify the Chairman at least five **business days** prior to commencement of the hearing.
- C22.2 A party may be legally represented at any pre-hearing review or hearing.
- C22.3 A party may submit evidence to the **AIM** Disciplinary Committee at any time until two **business days** before the hearing.
- C22.4 The parties will be given not less than three **business days** notice of the time and place of a pre-hearing review and seven **business days** notice of the time and place of the hearing by the Secretary. Any shorter notice period may apply if the parties agree.
- C22.5 If any party fails to attend or be represented at a pre-hearing review or a hearing, the **AIM** Disciplinary Committee may proceed in its absence.
- C22.6 At the hearing:
 - C22.6.1 the members of the **AIM** Disciplinary Committee and the legal adviser will be introduced to the parties by the Chairman who will state that

each of the members and the legal adviser believes himself to have no conflict of interest in hearing the case;

- C22.6.2 the parties will be asked to confirm that there is no reasonable objection to any of the **AIM** Disciplinary Committee members hearing the case or the legal adviser on the grounds of conflict of interest; and
 - C22.6.3 if the **AIM** Disciplinary Committee, which for these purposes shall exclude any member objected to and shall have a quorum of two, upholds an objection it may appoint another person from the panel to replace any relevant member and where the objection relates to the legal adviser the Chairman may appoint another person to replace the legal adviser; in all cases the appointment shall be made in accordance with these procedures.
- C22.7 Unless otherwise ordered by the **AIM** Disciplinary Committee, the order of proceedings at the hearing shall be as follows:
- C22.7.1 the allegation(s) made by the **Exchange** will be read and the **AIM company** or **nominated adviser** (as appropriate) will state whether the allegation(s) is/are admitted;
 - C22.7.2 each party (the **Exchange** followed by the other party(ies)) may present its evidence and/or call witnesses, who may be cross-examined and re-examined by the other parties and questioned by the **AIM** Disciplinary Committee, and may make submissions to the **AIM** Disciplinary Committee; and
 - C22.7.3 where the **AIM** Disciplinary Committee is satisfied that any allegation has been proven it shall take into account any representations made by the parties on whether any and if so what sanction(s) should be imposed before deciding whether and if so what sanction(s) will be imposed.
- C22.8 At a hearing the **AIM** Disciplinary Committee may:
- C22.8.1 admit any evidence whether oral or written, whether direct or hearsay, without any requirement that it be on oath and whether or not the same would be admissible in a court of law;
 - C22.8.2 make any directions which may be given at a pre-hearing review, and vary any direction which has been made; and
 - C22.8.3 make all such directions with regard to the conduct of and procedure at the hearing as the **AIM** Disciplinary Committee considers appropriate for securing a proper opportunity for the parties to present their cases and otherwise as may be just.
- C22.9 A record of the pre-hearing review may be made at the request of any party or if the Chairman so decides. A transcription or copy of the record will be made available to a party on payment of the cost of making such transcription or copy

or a proportion thereof as the Secretary in his discretion shall determine. For the avoidance of doubt, it shall be sufficient for such record to be in the form of minutes taken by the Secretary.

C22.10 A record of the hearing will be made. A transcription or copy of the record will be made available to a party on payment of the cost of making such transcription or copy or a proportion thereof as the Secretary in his discretion shall determine. For the avoidance of doubt, it shall be sufficient for such record to be in the form of minutes taken by the Secretary.

Deliberations and decisions

C23.1 The **AIM** Disciplinary Committee may deliberate at any time and make any decision in the absence of the parties. The **AIM** Disciplinary Committee may adjourn any hearing at any time as it thinks fit. The **AIM** Disciplinary Committee is entitled to reach decisions on a majority basis. Where a majority decision is reached, this fact will not be disclosed. In the case of an equality of votes, the Chairman shall have a second or casting vote which shall be exercised in favour of the **AIM company** or **nominated adviser** (as applicable).

C23.2 Following the conclusion of the proceedings, the **AIM** Disciplinary Committee will notify the parties in writing of:

C23.2.1 its decision(s), including any penalty under rule C15 above and any statement intended for publication;

C23.2.2 the reason(s) for its decision(s);

C23.2.3 any order for costs to be imposed; and

C23.2.4 a time limit for the lodging of any appeal against the written decision or any part thereof which will be not less than 10 **business days** from the date of service on the parties of the written decision save in exceptional circumstances where the **AIM** Disciplinary Committee may order a shorter period.

C23.3 The matters at rules C23.2.1 to C23.2.3 above will not take effect until the expiry of the period for the lodging of any appeal or any extension thereof. If an appeal is lodged in relation to any or all of rules C23.2.1 to C23.2.3 the relevant matters at rules C23.2.1 to C23.2.3 above will not take effect until the appeal is withdrawn or the **AIM** Appeals Committee orders that they or any of them shall take effect.

C23.4 The **AIM** Disciplinary Committee may order any party to pay such reasonable costs as it thinks fit, regardless of any finding or the outcome of the case. Such costs may include the remuneration and expenses of members of the **AIM** Disciplinary Committee, the legal adviser, the Secretary and any costs incurred by the other party in the preparation and presentation of its case. Costs may be awarded against the **Exchange** only if, in the opinion of the **AIM** Disciplinary Committee, the **Exchange** has acted in bad faith in bringing or conducting the proceedings. Such order will be made only after the parties to the proceedings have been given the opportunity to make submissions on costs to the **AIM** Disciplinary Committee.

C23.5 Any fine shall be paid within 30 **business days** of receipt of the written decision of the **AIM** Disciplinary Committee or the conclusion of any appeal against that determination and any costs ordered to be paid shall be paid within 30 **business days** of receipt of the notification in writing of the amount payable.

C23.6 The **AIM** Disciplinary Committee may publish part or all of its decision or a summary of it, and the reasons for the decision. Where the sanction imposed is a private censure, the **AIM** Disciplinary Committee may publish its decision in part or a summary of it and the reasons for the decision without revealing the identity of the **AIM company** or **nominated adviser** sanctioned.

Appeal

C24.1 Final decisions of the **AIM** Disciplinary Committee (as notified to the parties under rule C23.2) may be appealed. Appeals must be made by service of a notice in writing, within 10 **business days** of the service of the **AIM** Disciplinary Committee's decision, setting out the name of the appellant, the decision appealed against, the grounds of appeal, the principal matters relied upon and attaching copies of any documents relied upon on the Secretary to the **AIM** Disciplinary Committee who will as soon as reasonably practicable serve a copy on the other party. Where the appellant wishes to rely on evidence or documentation which was not before the **AIM** Disciplinary Committee, this shall be stated in the notice together with details of such evidence and copies of such documentation shall be attached to the notice.

C24.2 On receipt of a notice under rule C24.1 above, the Secretary will notify the Chairman of the **AIM** Appeals Committee who will arrange a hearing as soon as reasonably practicable.

C24.3 The **AIM** Disciplinary Committee or the **AIM** Appeals Committee may extend the time for appeal.

Changes to the procedures

C25.1 The **AIM** Disciplinary Committee may vary any of these procedures to adapt to the circumstances of any particular case.

AIM APPEALS COMMITTEE

Role

C26.1 The **AIM** Appeals Committee shall hear and determine:

C26.1.1 appeals against decisions of the **AIM** Executive Panel made pursuant to referrals made under rule C13.1 above; and

C26.1.2 appeals against decisions of the **AIM** Disciplinary Committee made pursuant to referrals made under rule C24.1 above.

Sanctions

C27.1 The **AIM** Appeals Committee may uphold, quash or vary any decision of the **AIM** Executive Panel or the **AIM** Disciplinary Committee. In the case of an appeal from the **AIM** Executive Panel in a disciplinary case, the **AIM** Appeals

Committee may vary any penalty imposed by the **AIM** Executive Panel, subject to awarding a maximum fine of £50,000 for each breach.

Membership

- C28.1 The **AIM** Appeals Committee appointed following service of a notice pursuant to rule C13.1 or rule C24.1 (as applicable) shall have a quorum of three (including the Chairman). The maximum number of members of the **AIM** Appeals Committee shall be seven. Any person whom the **AIM** Appeals Committee co-opts will count as a member of the **AIM** Appeals Committee.
- C28.2 Members of the **AIM** Appeals Committee are drawn from the panel referred to in rule C16.2 above.
- C28.3 The **AIM** Appeals Committee may co-opt any person whom it considers appropriate.
- C28.4 No-one who served on the **AIM** Disciplinary Committee, whose decision is the subject of the appeal, nor its legal adviser nor anyone who is at the relevant time a member of the **Exchange's** staff, may be appointed or co-opted to the **AIM** Appeals Committee.
- C28.5 The Chairman may appoint a legally qualified adviser who shall be independent of any party. Such legal adviser will not be counted as a member of the **AIM** Appeals Committee but shall advise the **AIM** Appeals Committee on legal matters. The Chairman may replace the legal adviser at his discretion.
- C28.6 Members of the **AIM** Appeals Committee will notify the Secretary or the Chairman of any possible conflict of interest at the earliest possible opportunity and in any event prior to any hearing to be held under rule C32 or C33 below. The Chairman will take appropriate action and will then notify the parties to the proceedings of the names of the members of the **AIM** Appeals Committee and any proposed legal adviser. If any party to the proceedings believes that a potential conflict of interest exists, it shall notify the Chairman at the earliest possible opportunity. The Chairman will take appropriate action.
- C28.7 Where the **AIM** Appeals Committee wishes to co-opt a person or to appoint a person to replace a member unable to act whether because of illness, conflict of interest or otherwise and the hearing has commenced:
- C28.7.1 the appointment shall only take effect with the consent of the parties and the person co-opted or appointed will be subject to the provisions of rule C33.4 below; or
- C28.7.2 if in the absence of such consent the **AIM** Appeals Committee does not wish or is not able to continue with the hearing it will cease to deal with the appeal and an entirely new **AIM** Appeals Committee will be appointed in accordance with these procedures and the hearing, but not any pre-hearing procedures, will start afresh in front of the new **AIM** Appeals Committee.

Secretary

C29.1 The **AIM** Appeals Committee shall have a Secretary (“the Secretary”) appointed by the **Exchange**. The parties will be notified of the name of the secretary as soon as reasonably practicable. For the avoidance of doubt, the Secretary may be a member of the **Exchange** staff and notwithstanding rule C28.4 may be the same Secretary who was Secretary of the **AIM** Disciplinary Committee.

C29.2 The Secretary will carry out any administrative functions. Any notices, notifications and other documents required to be submitted to the **AIM** Appeals Committee must be served upon the Secretary who will ensure that copies are provided to the other parties, the members of the **AIM** Appeals Committee and any legal adviser as appropriate. Where the **AIM** Appeals Committee wishes to notify the parties of any matter it shall do so through the Secretary.

C29.3 Any notices or other documents required to be served shall be served by delivering by hand or posting by first class post or by sending by fax with a confirmatory copy by first class post to the addresses set out below, save that the Secretary may agree with any of those referred to below a different place for service upon them:

C29.3.1 in the case of an appellant, to its head office;

C29.3.2 in the case of the **Exchange**, to the Secretary with a copy to the Company Secretary, at the **Exchange**'s registered office; and

C29.3.3 in the case of any other party, to a place agreed with the Secretary.

C29.4 Service shall be deemed effective on the date of delivery by hand or where first class post is used, on the second day after posting or where a fax is sent, on successful receipt of the fax.

Confidentiality

C30.1 All communications relating to the proceedings (save those which would be privileged from production in a court of law) between the parties and with the **AIM** Appeals Committee shall be channelled through the Secretary.

C30.2 If any **AIM** Appeals Committee member or the legal adviser is approached by any **person** to discuss any matter connected with the proceedings the member or legal adviser, as appropriate, shall notify the Chairman without delay, who will take appropriate action.

C30.3 Other than as set out in these rules, and other than as between the parties and their advisers, all parties shall keep confidential any matters related to the appeal save where disclosure is permitted or required by law.

Procedure

C31.1 Following service of a notice pursuant to rule C13.1 or C24.1 above and the appointment of the **AIM** Appeals Committee:

- C31.1.1 the appellant may submit to the **AIM** Appeals Committee a statement amending or expanding upon the notice served pursuant to rule C13.1 or C24.1 above (as appropriate); and
- C31.1.2 any other party may submit to the **AIM** Appeals Committee a statement in support of its case and any such party wishing to rely on evidence or documents not already before the **AIM** Appeals Committee must submit a statement containing details thereof and attach to it copies of any such documents.
- C31.2 If both parties consent in writing to the Secretary, the appeal may be by way of written submissions only.

Directions

- C32.1 The **AIM** Appeals Committee may make any directions including any that may be made by the **AIM** Disciplinary Committee and take any other steps it considers appropriate including holding pre-hearing reviews for the clarification of the facts and issues and generally for their just, efficient and expeditious presentation and the proper determination of the appeal.

The hearing

- C33.1 The **AIM** Appeals Committee will usually conduct hearings in private, although an appellant which is subject to proceedings has the right to ask for such hearing to be conducted in public. An appellant requiring such hearing to be conducted in public shall notify the Chairman at least five **business days** prior to commencement of the hearing.
- C33.2 Any party may be legally represented at any hearing.
- C33.3 The parties will be given not less than 10 **business days** notice of the time and place of the hearing by the Secretary. The notice period may be shortened with the consent of the parties.
- C33.4 If a party fails to attend or be represented at any hearing or pre-hearing review, the **AIM** Appeals Committee may proceed in its absence.
- C33.5 At the hearing:
- C33.5.1 the members of the **AIM** Appeals Committee and the legal adviser will be introduced to the parties by the Chairman who will state that each of the members and the legal adviser believes himself to have no conflict of interest in hearing the appeal;
- C33.5.2 the parties will be asked to confirm that there is no reasonable objection to any of the **AIM** Appeals Committee members hearing the appeal or to the legal adviser on the grounds of conflict of interest; and
- C33.5.3 if the **AIM** Appeals Committee, which for these purposes shall exclude any member objected to and shall have a quorum of two, upholds an objection, the Chairman may appoint a replacement in accordance with these procedures.

- C33.6 The order of proceedings shall be at the discretion of the **AIM** Appeals Committee.
- C33.7 No party may rely on any statement or document not served on the **AIM** Appeals Committee more than two **business days** before the hearing save with the leave of the **AIM** Appeals Committee.
- C33.8 Save in exceptional circumstances and with the leave of the **AIM** Appeals Committee, no party may present evidence (including calling new witnesses) that was not available to the **AIM** Disciplinary Committee or the **AIM** Executive Panel, although additional submissions may be made. Whether such new evidence should be permitted and, where it is permitted, the procedure for its presentation shall be decided on a case by case basis by the **AIM** Appeals Committee.
- C33.9 A record of any hearing will be made. A transcription or copy of the record will be available to any party, on payment of the cost of making such transcription or copy or a proportion thereof as the Secretary in his discretion shall determine. For the avoidance of doubt, it shall be sufficient for such record to be in the form of minutes taken by the Secretary.

Deliberations and decisions

- C34.1 The **AIM** Appeals Committee may deliberate at any time and make any decision in the absence of the parties. The **AIM** Appeals Committee may adjourn any hearing at any time as it thinks fit. The **AIM** Appeals Committee is entitled to reach decisions on a majority basis. Where a majority decision is reached this will not be disclosed. In the case of an equality of votes, the Chairman shall have a second or casting vote which shall be exercised in favour of the appellant.
- C34.2 The **AIM** Appeals Committee will only quash or vary a decision of the **AIM** Disciplinary Committee or the **AIM** Executive Panel if it is satisfied, on the balance of probabilities, that the decision is a misinterpretation of or an erroneous application of any of the **AIM** rules or is not justified by the evidence on which it is based.
- C34.3 Following the conclusion of the proceedings, the **AIM** Appeals Committee will notify the parties in writing of:
- C34.3.1 its decision(s), including any statement intended for publication;
 - C34.3.2 the reason(s) for its decision; and
 - C34.3.3 any order for costs to be imposed.
- C34.4 The **AIM** Appeals Committee may order any party to the proceedings to pay such reasonable costs as it thinks fit regardless of any finding or the outcome of the case. Such costs may include the remuneration and expenses of members of the **AIM** Appeals Committee, the Secretary and the legal adviser and any costs incurred by any other party in the preparation and presentation of its case. Costs may be awarded against the **Exchange** only if, in the opinion of the **AIM** Appeals Committee, the **Exchange** has acted in bad faith in bringing or conducting the

proceedings. Such order will be made only after the parties to the proceedings have been given the opportunity to make submissions on costs to the **AIM Appeals Committee**.

- C34.5 Any fine shall be paid within 30 **business days** of receipt of the written decision of the **AIM Appeals Committee** and any costs ordered to be paid shall be paid within 30 **business days** of receipt of the notification in writing of the amount payable.
- C34.6 The **AIM Appeals Committee** may publish part or all of its written decision or a summary of it, and the reasons for the decision.

Changes to the procedures

- C35.1 The **AIM Appeals Committee** may vary any of these procedures to adapt to the circumstances of any particular case.

CONSENT ORDERS

- C36.1 At any time after the **Exchange** has decided to take enforcement action in relation to a matter pursuant to these rules, the **Exchange** and the **AIM company** or **nominated adviser** (as appropriate) may, without prejudice, negotiate a proposed settlement (“consent order”) and jointly submit it in writing to the **AIM Executive Panel** or **AIM Disciplinary Committee** for approval. A disciplinary action may, at the discretion of the **Exchange**, be delayed, and if already commenced – halted, by the commencement of the negotiation of a consent order.
- C36.2 At the request of the **AIM company** or **nominated adviser** (as applicable), a consent order submitted to the **AIM Disciplinary Committee** for approval may be anonymous, provided that this will have no impact on the decision taken by the **AIM Disciplinary Committee**. The **AIM Disciplinary Committee** retains the right to insist that the name of the **AIM company** or **nominated adviser** (as applicable) is disclosed to them.
- C36.3 If the **AIM Executive Panel** or **AIM Disciplinary Committee** approve the proposed consent order, or any variation agreed by the **Exchange** and the **AIM company** or **nominated adviser**, it shall immediately make the order.
- C36.4 The consequences of a consent order made by the **AIM Executive Panel** or **AIM Disciplinary Committee** shall be the same as those of a decision made by the **AIM Executive Panel** or **AIM Disciplinary Committee** sitting as a tribunal of first instance, except that there can be no appeal and the consent order and penalties on any charges to which it relates shall have immediate effect.
- C36.5 The **AIM Executive Panel** or **AIM Disciplinary Committee** shall, in considering the consent order, take into account and give due weight to the fact that the parties are jointly applying for the consent order to be made.
- C36.6 If the **AIM Executive Panel** or **AIM Disciplinary Committee** do not approve the proposed consent order, there shall be no reference in any hearing before the **AIM Executive Panel** or **AIM Disciplinary Committee** to the negotiations, the

proposed consent order or the submissions made to the **AIM** Executive Panel or **AIM** Disciplinary Committee, all of which shall be confidential.

C36.7 Where rule C36.6 applies, the **AIM** Executive Panel or **AIM** Disciplinary Committee constituted to hear the disciplinary charges shall contain no person who was part of the **AIM** Executive Panel or **AIM** Disciplinary Committee that considered the consent order.