

STOCK EXCHANGE AIM DISCIPLINARY NOTICE

AD 13

19 March 2015

SECTION C2.2 NOTICE

1. Pursuant to section C2.2 of the AIM Disciplinary Procedures and Appeals Handbook, London Stock Exchange plc (“**Exchange**”) announces that a nominated adviser (“**nomad**”) has been privately censured and fined £90,000 by the AIM Executive Panel. The fine reflects a discount for early settlement of the matter.
2. The private censure relates primarily to (i) advice and guidance provided by the nomad to an AIM company regarding its disclosure obligations which was in breach of Rules 16 and 17 of the AIM Rules for Nominated Advisers (“**Nomad Rules**”) and (ii) the quality of the nomad’s liaison with the Exchange which was in breach of Nomad Rule 19.
3. The circumstances which are the subject of the private censure relate to an AIM company’s notification of a transaction pursuant to AIM Rule 11 of the AIM Rules for Companies (“**AIM Rules**”).

The AIM company notified the market that it was due to receive certain payments on a specified future date. The payment anticipated was material to the company’s finances. However, when payment was not made on the due date the company did not notify the market of that fact.

The nomad was fully aware that payment had not been made and discussed the matter with the AIM company. Nevertheless, the nomad failed to advise the company of its disclosure obligations to update the market.

4. The role of a nomad is to advise and guide the AIM company on its AIM Rules obligations. The Exchange considers that the nomad’s performance in providing such advice and guidance to the company and on which the company relied on in good faith, in this instance fell below the standard expected.

Notwithstanding the nomad was kept fully informed by the company over all aspects of the transaction, it took the view that the market did not need to be updated for the following reasons:

- There were indications that payment would be forthcoming in due course. The Exchange does not consider these expectations obviated the company’s obligations to update the market that payment had not been made in line with the timetable originally notified.
- The nomad relied upon a narrow interpretation based on a legal definition as regards the obligations of payment. The Exchange does not consider that such a narrow approach is appropriate when considering the company’s disclosure obligations. Having notified the market that payment was expected at a future date, the Exchange considers that the nomad should have appreciated that failure to update the market when receipt did not occur was likely to have left investors with a misleading impression that payment had been received.

5. Pursuant to AIM Rule 10, companies must ensure that notifications are not misleading, false or deceptive and does not omit anything likely to affect the import of such information. Accordingly, where a company has notified a matter which is to occur on a specific date in the future and there are changes to that, the company is required to consider whether an update is required where such change renders the original notification misleading. A non-exhaustive list of examples include circumstances where:
 - a company notifies that a loan is to be drawdown or repaid on a future date, and that action does not happen;
 - a company notifies a fundraising with proceeds due on a future date but payment is not received;
 - a company notifies a timetable of events (e.g. receipt of licences/consents) which are delayed.
6. The issue of disclosure was identified further to enquiries made of the nomad by the Exchange. However, the Exchange considers that during its interactions with the nomad regarding the requirement for the AIM company to make an update notification, the nomad did not take sufficient care in providing to the Exchange all relevant information. The Exchange expects nomads to ensure that any information provided to the Exchange is correct, complete, and not misleading, pursuant to Nomad Rule 19.
7. In determining the sanction, the Exchange has taken into account a number of factors including that the Exchange believes the circumstances that have given rise to this censure have been isolated and are not indicative of wider failures, the nomad's previous compliance history and the fact that that the nomad has fully co-operated with the Exchange's subsequent investigation and disciplinary action.

Any queries relating to this AIM Notice should be addressed to: aimregulation@lseg.com

Nilam Statham
Head of AIM Regulation

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Notes:

AIM Rules for Nominated Advisers, May 2014

Pursuant to Nomad Rule 29 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.

AIM Disciplinary Procedures and Appeals Handbook, Section C2.2

Under this section, the Exchange retains 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, where the Exchange believes to do so would be of assistance to the market.