

# STOCK EXCHANGE AIM DISCIPLINARY NOTICE

**AD 19**

13 August 2018

## SECTION C2.2 NOTICE

In addition to the public censure published today via AIM Disciplinary Notice 18, London Stock Exchange plc (the “**Exchange**”) has concluded two separate disciplinary actions as private censures against AIM companies for breaches of the AIM Rules for Companies (“**AIM Rules**”).

The Exchange has a range of sanctions it can impose in respect of breaches of its rules including public and private censures with fines. The choice of sanctions enables the Exchange to take action that it considers appropriate in the circumstances, to hold AIM companies to account when they breach the AIM Rules, to deter future non compliance, and to educate the market on expected standards.

The Exchange is publishing details of these disciplinary actions, on an anonymous basis, for the purpose of educating the market on the expected standards of conduct for AIM companies under the AIM Rules.

### **Private censure and fine of £75,000 against an AIM Company**

An AIM company has been privately censured and fined £75,000 (discounted to £50,000 for early settlement) for breaches of AIM Rules 10 and 31.

The AIM company gave an update regarding the progress of its business via social media. Some of the information disclosed in this update was information which should have been notified via a Regulatory Information Service, before it was first disclosed through social media.

The AIM company did not have an adequate social media policy to monitor its social media output, including controls to check that information made public through social media was not released before it was notified in accordance with the AIM Rules.

When the social media update was identified, the AIM company made a regulatory notification.

The AIM company breached AIM Rule 10, by making public relevant information via social media before it was disclosed in a regulatory notification. By failing to have sufficient procedures, resources and controls in place to monitor its disclosures made through social media, the AIM company also breached AIM Rule 31.

Following this incident, the AIM company has taken extensive remedial action.

## **Guidance for AIM companies**

AIM Regulation has given guidance to nominated advisers and AIM companies regarding the interaction of social media with an AIM company's disclosure obligations under the AIM Rules ([here](#)).

As previously noted, the Exchange recognises that social media can be of significant value to AIM companies when communicating with its investors. This case highlights the importance of AIM companies ensuring they have sufficient procedures, resources and controls in place to manage these communications and to ensure that no information is disclosed that should have been first notified in a regulatory notification.

AIM Rule 10 is a fundamental AIM Rule which promotes equal and timely disclosure of regulatory information to the market, and is important in maintaining the integrity of the market. Disclosures of regulatory information before that information is notified in a regulatory notification should not be made, in whatever form, whether for example this is via a 'tweet', podcast or an interview with a journalist.

Given the fundamental disclosure principles of AIM Rule 10, the Exchange takes any breach of this rule extremely seriously, noting the potential for market impact where there is a disparity of information available in the market.

AIM companies are regulated and overseen by a range of statutory and other regulatory bodies. In this regard, AIM companies should also have regard to the Market Abuse Regulation (which is within the remit of the Financial Conduct Authority), as any early or selective disclosure may give rise to issues beyond the AIM Rules, including market abuse.

### **Private censure and fine of £75,000 against an AIM Company**

An AIM company has been privately censured and fined £75,000 (discounted to £50,000 for early settlement) for breaches of AIM Rules 11 and 31.

The breaches relate to the AIM company's approach to providing information to its outgoing nominated adviser in circumstances where the relationship between the AIM company and its nominated adviser had become difficult.

In breach of AIM Rule 31, the AIM company did not keep its existing nominated adviser informed as to its progress in appointing a successor nominated adviser, notwithstanding frequent requests for updates during the notice period. The nominated adviser required this information so that it could advise the AIM company on its AIM Rules disclosure obligations. As a consequence, the AIM company delayed notifying the market when (i) the impending departure of its existing nominated adviser and its failure to appoint a replacement nominated adviser had become price sensitive and (ii) it could no longer withhold this information under the guidance to AIM Rule 11.

## **Guidance for AIM companies**

One of the fundamental purposes of AIM Rule 31 is to ensure that the nominated adviser is fully aware of developments within the AIM company so it can fulfil its regulatory role to advise and guide the AIM company on AIM Rules compliance, as well as meet its own responsibilities to the Exchange.

Even where there is a deterioration in the relationship between an AIM company and its nominated adviser, it remains incumbent on the AIM company to meet reasonable requests for information from its nominated adviser and to seek its advice regarding compliance with the AIM Rules whenever appropriate and to take that advice into account. These

requirements are no less important during the period in which a nominated adviser is serving notice.

Any queries relating to this AIM Notice should be addressed to: [aimregulation@lseg.com](mailto:aimregulation@lseg.com)

**Nilam Statham**  
**Head of Primary Market and AIM Regulation**

**Notes:**

**AIM Rules for Companies**

Pursuant to AIM Rule 42 if the Exchange considers that an AIM company has contravened the AIM Rules, it may take one or more of the following measures:

- 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.

Pursuant to AIM Rule 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.

**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.