



6 April 2006

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**For the attention of the Nominated Advisers/ Finance  
Directors/ Company Secretaries, all AIM Companies**

**AIM18**

## **STOCK EXCHANGE AIM NOTICE**

### **AIM RULES – PROPOSED CHANGES TO THE AIM RULES IN RESPECT OF THIRD PARTY TRADING PLATFORMS**

#### **Introduction**

1. The purpose of this Notice is to consult on proposed changes to the *'The AIM Rules for Companies'* (July 2005) ('the AIM Rules') where the AIM securities of an AIM company are traded on a third party trading platform (or 'platform') with the express agreement of the issuer.

The Exchange has, as a Recognised Investment Exchange (RIE) under FSMA 2000, obligations to ensure that it operates both a proper and orderly market in respect of AIM.

In order to ensure that the Exchange is able to continue to meet its statutory obligations in respect of AIM, the Exchange is proposing a number of changes to the AIM Rules where an AIM company has given express agreement for its AIM securities to be traded on a third party trading platform.

#### **AIM Rule 10**

2. It is important that an AIM company is able to continue to fulfil its requirements under the AIM rules and does not cause a delay in notifying the information required under the AIM Rules as a result of the obligations, or its attempts to comply with such obligations, it owes to the operator of a third party platform.

Any such delay is likely to mean that the AIM company would be in breach of the AIM Rules and therefore subject to the Exchange's disciplinary procedures and sanctions under AIM Rule 42. The Exchange therefore proposes to provide additional guidance in relation to AIM Rule 10 in order to ensure that the AIM Rules take priority over the equivalent obligations the AIM company owes to the operator of a third party trading platform.

### **AIM Rule 37**

3. Where an AIM company has expressly agreed that its AIM securities be admitted to a third party trading platform, it must immediately inform the Exchange of this and of any subsequent changes to that status, so that appropriate procedures can be put in place by the Exchange for the regulation of that AIM company.

An AIM company, the securities of which are traded on such a platform, must also provide the Exchange without delay with a written summary of all regulatory communications with the operator of such platform in relation to the trading in its AIM securities on that platform.

### **AIM Rule 39**

4. A nominated adviser must, for every AIM company client that has expressly agreed that its AIM securities be admitted to a third party trading platform, inform the Exchange without delay of any unusual trading activity on that platform of which it becomes aware. Examples of instances of unusual price movements or trading activity are provided in the guidance to AIM Rule 39 and include where the bid/offer on the platform exceeds 5% from the bid/offer on the Exchange or where there is a material increase in the volume traded on the platform.

The Exchange is also proposing to extend nominated advisers' general obligations under AIM Rule 39 to be available at all times to include instances where it is liaising with the Exchange.

### **Definition**

5. The proposed definition in the AIM Rules of a third party trading platform is:

a trading platform operated by any **person** (other than **the Exchange**) which is regulated by the **Financial Services Authority** and to which an **AIM company** has expressly agreed to the admission of its **AIM securities**.

### **Timetable**

6. Responses, comments and queries on this notice should be sent by 5 May 2006 via email to [aimregulation@londonstockexchange.com](mailto:aimregulation@londonstockexchange.com)

**Ray Knowles**  
**Manager, AIM Regulation**

## Part One – AIM Rules

### Ongoing eligibility requirements

#### General

37. An **AIM company** must:

- ◆ pay **AIM fees** set by the **Exchange** as soon as such payment becomes due; and
- ◆ inform the **Exchange** without delay of the admission, suspension or cancellation of its **AIM securities** on a **third party trading platform**.

#### Nominated advisers

39. Only an adviser whose name appears on the **register** may act as a **nominated adviser**. The responsibilities which a **nominated adviser** owes solely to the **Exchange** are to:

- ◆ confirm to the **Exchange** in writing:
  - ◆ the information set out in **Schedule Six** in relation to any **applicant** or **AIM company** producing an **admission document**
  - ◆ the information set out in **Schedule Seven** in relation to any **quoted applicant**;
- ◆ comply with its obligations under these rules;
- ◆ be available at all times to advise and guide the **directors** of an **AIM company** for which it acts about their obligations to ensure compliance by the **AIM company** on an ongoing basis with these rules;
- ◆ submit a **nominated adviser's declaration** in respect of any **AIM company** for which it takes on the role of **nominated adviser** and whenever such company is required to produce an **admission document**;
- ◆ provide the **Exchange** with any other information, in such form and within such time limits as the **Exchange** may reasonably require;
- ◆ be available at all times to liaise with the **Exchange** where requested so to do by the **Exchange** or an **AIM company** for which it acts;
- ◆ review regularly an **AIM company's** actual trading performance and financial condition against any profit forecast, estimate or projection included in the **admission document** or otherwise made public on behalf of the **AIM company** in order to assist it in determining whether a **notification** is necessary under rule 17;
- ◆ inform the **Exchange** when it ceases to be the **nominated adviser** to an **AIM company**;
- ◆ abide by the **eligibility criteria** at all times; and

- ◆ act with due skill and care at all times; and
- ◆ in respect of any AIM company that is admitted to a third party trading platform, for which it acts as nominated adviser, inform the Exchange without delay of any unusual trading activity on that third party trading platform in the AIM securities of that AIM Company.

## Glossary

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

**third party trading platform** a trading platform operated by any person (other than the Exchange) which is regulated by the Financial Services Authority and to which an AIM company has expressly agreed to the admission of its AIM securities.

## Part Two – Guidance Notes

### Principles of disclosure

#### Rule 10: Principles of disclosure

Where an AIM Company has its AIM securities admitted to a third party trading platform it must ensure that no delay in the disclosure of information required under these Rules occurs as a result of any discussions with the operator of the third party trading platform.

Where it is proposed to announce at any meeting of **shareholders** information which might lead to substantial 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](http://www.londonstockexchange.com).

### Ongoing eligibility requirements

#### Rule 37: General

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

An AIM company which has its AIM securities admitted to a third party trading platform must provide the Exchange with a written summary of all regulatory communication it has with the operator of that trading platform without delay.

This written summary should be emailed to AIM Regulation via the following address: [aimregulation@londonstockexchange.com](mailto:aimregulation@londonstockexchange.com)

## Nominated advisers

### Rule 39: Nominated advisers

On detailed regulatory matters the **Exchange** will not liaise with **AIM companies** or their **nominated advisers** on a no names basis.

Where a **nominated adviser** has concerns about the interpretation of any of the **AIM rules** it should contact the **Exchange**.

Examples of unusual trading activity on a **third party trading platform** include, but are not limited to instances where:

- ◆ the bid/offer quoted on the **third party trading platform** is 5% away from the bid/offer for the **AIM securities** trading on the Exchange; or
- ◆ there is a material increase in the number or average size of trades conducted on that **third party trading platform**.