CHANGES TO THE AIM RULES FOR NOMINATED ADVISERS

The following text is proposed to be inserted into the end of Schedule Three of the AIM Rules for Nominated Advisers.

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.

Consequential amendments to the Ongoing Responsibilities and Engagement Responsibilities of Schedule Three of the AIM Rules for Nominated Advisers. These changes are shown in blackline.

Ongoing Responsibilities

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

OR4 – [second item]
- 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.

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**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), AR5 (in relation to ER3) *(and where relevant the guidance to admission responsibilities)* and consider what actions may be appropriate.

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