On 3 July 2016, the Market Abuse Regulation ("MAR") will come into force. MAR is an EU Regulation which has direct effect across all EEA member states and will supersede the existing Market Abuse Directive.

MAR disclosure obligations will apply to financial instruments admitted to all multilateral trading facilities, as well as regulated markets. Accordingly, these obligations will apply to all issuers admitted to European growth markets including AIM.

The key disclosure obligations in MAR relate to the disclosure of inside information and disclosure of deals by persons discharging managerial responsibilities and closely associated persons. MAR will also introduce mandatory close period rules.

This article sets out our preliminary thoughts on how we expect MAR obligations to sit alongside the disclosure obligations in the AIM Rules for Companies ("AIM Rules").

AIM Disclosure Rules

The disclosure obligations under MAR will be within the remit of Financial Conduct Authority ("FCA") as the UK competent authority and we have been working closely with the FCA to co-ordinate our approach to the implementation of MAR for AIM companies.

We have given consideration to whether it remains appropriate to retain the disclosure provisions contained within AIM Rule 11 following the implementation of MAR. On balance, we consider that retaining a disclosure rule in the AIM Rules is important to the integrity of AIM and the maintenance of an orderly market. We also consider that the disclosure requirement in AIM Rule 11 (as currently drafted or with minor amendments) will continue to reinforce our expectations of AIM companies to provide equality of information on a timely basis, allowing investors to make informed investment decisions.

Retaining AIM Rule 11, should not materially change a company’s approach to disclosure compared to existing market practice. Although we appreciate that retaining the AIM disclosure rules will mean that AIM companies will have obligations to both AIM Regulation and the FCA, we will work closely with FCA to minimise any duplication. For example, in respect of real time disclosure, it is currently envisaged that in the first instance AIM Regulation will continue to have discussions with nominated advisers and will co-ordinate with the FCA as necessary.

Whilst we consider that the above approach will mitigate the need for an AIM company to engage separately with two regulators in most situations, it should be noted that only the FCA, as the competent authority under MAR, will be able to opin on MAR compliance and will retain the right to engage directly with an AIM company if necessary.
The AIM Rules already sit alongside wider regulatory and legal obligations owed by an AIM company as described at AIM’s Regulatory Landscape.

Although we have already sought views from various market participants, we will undertake a market consultation if changes to the AIM Rules are required. In the meantime, we would welcome further feedback from market participants which should be addressed to aimregulation@lseg.com.