



AIM RULES REVIEW

Issued 29 January 2018

ICAEW welcomes the opportunity to comment on the *AIM Rules Review* published by London Stock Exchange on 11 December 2017, a copy of which is available from this [link](#).

This response of 29 January 2018 has been prepared on behalf of ICAEW by the Corporate Finance Faculty. Recognised internationally as a source of expertise on corporate finance issues and for its monthly Corporate Financier magazine, the Faculty is responsible for ICAEW policy on corporate finance issues including submissions to consultations. The Faculty's membership is drawn from professional services groups, advisory firms, companies, banks, brokers, private equity, law firms, consultants and academics.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 149,000 chartered accountant members in over 160 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

Copyright © ICAEW 2018

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

For more information, please contact: representations@icaew.com

PROPOSED RULE AMENDMENTS

Formalising the early notification process

1. We support the proposed addition to AIM Rule 2 as it formalises market practice.

Guidance to nominated advisers on appropriateness consideration and London Stock Exchange AIM Rule 9 powers

2. The additional guidance to admission responsibilities in Schedule 3 of the AIM Rules for Nominated Advisers is likely to be helpful in supporting the judgement of the nominated adviser.
3. One of the appropriateness factors refers to applicants that have ‘not yet secured the key licences, government approvals, intellectual property rights or other property rights’ needed to operate their business. This will often be the case with early stage businesses in advanced technology, pharmaceuticals and other sectors seen as strategic. Moreover mining or oil and gas companies that have an initial licence may require further licences or permits (eg environmental) before they can commence exploration. There is a risk that such businesses will not be brought to market if the Exchange is perceived to automatically treat this factor as grounds to refuse admission.

Corporate governance requirements for AIM companies

4. With regard to the proposal that AIM companies should comply or explain against a recognised industry code, we note that the proposed drafting in Rule 26 refers to ‘a recognised corporate governance code’ whereas the commentary in the consultation paper refers to a ‘recognised industry code’. We think that neither wording is sufficiently specific and there should also be guidance regarding international codes that boards may decide to apply.