



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](#).

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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.