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AIM DISCIPLINARY PROCEDURES AND APPEALS HANDBOOK •
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AIM

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INTRODUCTION

This handbook, which forms part of the **AIM** rules, sets out the procedures to be followed when: (i) the **Exchange** wishes to commence disciplinary proceedings against an **AIM company** or **nominated adviser** for a breach of the **AIM** rules; and (ii) an **AIM company**, a **nominated adviser**, or any entity applying to become an **AIM company** or **nominated adviser** wishes to lodge an appeal pursuant to the **AIM** rules against any decision of the **Exchange**.

Defined terms used in this handbook shall have the meanings set out in the Glossary to the **AIM** rules.

For the purposes of this handbook, the term "**AIM** rules" shall mean the "AIM Rules for Companies" and the "AIM Rules for Nominated Advisers" as applicable.

DISCIPLINARY PROCESS

Where the **Exchange** wishes to commence disciplinary action against an **AIM company** or a **nominated adviser** pursuant to the **AIM** rules, it shall refer such disciplinary matter to either the **AIM** Executive Panel or the **AIM** Disciplinary Committee. In appropriate cases (including where a greater sanction than the **AIM** Executive Panel is authorised to impose is deemed appropriate by the **AIM** Executive Panel), the **AIM** Executive Panel may refer the case to the **AIM** Disciplinary Committee.

There are a number of factors which the **Exchange** takes into account when considering what disciplinary action to take in relation to a rule breach. These are set out below:

- The nature and seriousness of the rule breach and the duration and frequency of misconduct
- How the rules breach came to light
- The actual or potential market impact of the rule breach, and any other repercussions
- The extent to which the rule breach was deliberate or reckless
- The general compliance history of the **AIM company** or **nominated adviser**, and specific history regarding the rule breach in question
- Consistent and fair application of the rules (any precedents of previous similar rule breaches)
- The responsiveness and conduct of the **AIM company** or **nominated adviser** in relation to the matter under investigation.

The **Exchange's** approach to regulation is aimed at maintaining the integrity, orderliness, transparency and good reputation of its markets and changing behaviour in those markets where necessary. The **Exchange** will investigate the facts of each case, seeking to understand why the rule breach occurred and will assess whether any remedial action the **AIM company** or **nominated adviser** has taken is adequate to prevent similar future occurrence.

Upon conclusion of its investigation the **Exchange** will decide what action is necessary in each instance. The **Exchange** may, as an initial step, instruct the **AIM company** or **nominated adviser** concerned (via email, telephone, or in a meeting) to take remedial

action. Alternatively, the **Exchange** may decide to issue a -**warning notice** to the **AIM company** or **nominated adviser** concerned. These measures all form part of the disciplinary process.

The **AIM** Executive Panel is a panel comprised of appropriately experienced senior members of the **Exchange's** staff. The procedures followed by the **AIM** Executive Panel are set out in rules C4 to C14 below. Any final decision of the **AIM** Executive Panel (other than a decision to refer a matter to the **AIM** Disciplinary Committee) may be appealed to the **AIM** Appeals Committee. There is no appeal on interim procedural directions or decisions.

The **AIM** Disciplinary Committee is drawn from a pool of appropriately experienced (non-**Exchange**) persons and its procedures are set out in rules C15 to C25 below. The **AIM** Disciplinary Committee may impose a wider range of sanctions than the **AIM** Executive Panel and has discretion to publicise its findings. Any final decision of the **AIM** Disciplinary Committee may be appealed to the **AIM** Appeals Committee. There is no appeal on interim procedural directions or decisions.

The **AIM** Appeals Committee is also drawn from a pool of appropriately experienced persons who are not members of the **Exchange's** staff and hears appeals against the findings of the **AIM** Disciplinary Committee and the **AIM** Executive Panel. The procedures followed by the **AIM** Appeals Committee are set out in rules C26 to C35 below. The **AIM** Appeals Committee may uphold, quash or vary any decision it is asked to consider.

NON-DISCIPLINARY APPEAL PROCEDURE

In the first instance, appeals against decisions of the **Exchange** permitted under the **AIM** rules are heard by the **AIM** Executive Panel. The **AIM** Executive Panel may uphold, quash or vary any decision it is asked to consider. There is no appeal on the **Exchange's** decision to refer a matter to the **AIM** Executive Panel.

Appeals against the findings of the **AIM** Executive Panel are heard by the **AIM** Appeals Committee. The **AIM** Appeals Committee may uphold, quash or vary any decision it is asked to consider.

GENERAL

Imposition of sanctions

C1.1 If the **Exchange** considers that an **AIM company** has contravened the **AIM** rules it may issue a **warning notice** and/or refer the matter to the **AIM** Executive Panel or the **AIM** Disciplinary Committee. If the **Exchange** considers that a **nominated adviser** has contravened the **AIM** rules, or that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgement, it may issue a **warning notice** and/or refer the matter to the **AIM** Executive Panel or the **AIM** Disciplinary Committee. In considering whether any such sanction(s) are appropriate, the **Exchange** shall take into account all the circumstances of the case and in particular shall have regard to the matters specified above (under Disciplinary Process).

C1.2 Where cases against more than one **AIM company** or **nominated adviser**, but which concern related matters, are to be brought before the **AIM** Executive Panel, the **AIM** Disciplinary Committee or the **AIM** Appeals Committee, the **Exchange** may decide, with the agreement of the **AIM** Executive Panel, the **AIM** Disciplinary Committee or the **AIM** Appeals Committee, as appropriate, to bring such cases at the same time, if it would be fair and practicable to do so and after consulting with the relevant **AIM companies** or **nominated advisers** concerned.

Burden of proof

C2.1 The burden of proof shall be on the **Exchange**. The **Exchange**, the **AIM** Executive Panel, the **AIM** Disciplinary Committee or the **AIM** Appeals Committee (as appropriate) shall not find an allegation proven unless it is satisfied on the balance of probabilities.

Market guidance

C2.2 The **Exchange** reserves the right to publish, without disclosing the identity of any party concerned, in part, in summary or in full the findings of the **AIM** Executive Panel, the **AIM** Disciplinary Committee or the **AIM** Appeals Committee or details of **warning notices** issued, where the **Exchange** believes that to do so would be of assistance to the market.

WARNING NOTICES

Function of Warning Notices

C3.1 The **Exchange** may issue a **warning notice** to an **AIM company** or **nominated adviser** for a breach of the **AIM** rules.

C3.2 A **warning notice** forms part of an **AIM company's** or a **nominated adviser's** formal compliance record.

AIM EXECUTIVE PANEL

Role

C4.1 The **AIM** Executive Panel shall, when acting as a tribunal of first instance, hear and determine charges against an **AIM company** or **nominated adviser** in respect of a breach of the **AIM** rules.

C4.2 The **AIM** Executive Panel shall, when acting as an appellate tribunal, hear and determine appeals by an appellant against a decision of the **Exchange** permitted under the **AIM** rules.

Sanctions

C5.1 Where the **AIM** Executive Panel, acting as a tribunal of first instance, finds an allegation proven on the balance of probabilities, the **AIM** Executive Panel may:

C5.1.1 censure the **AIM company** or **nominated adviser** (as appropriate);

C5.1.2 impose a fine of up to £50,000 for each breach on the **AIM company** or **nominated adviser** (as appropriate); or

C5.1.3 refer the case to the **AIM** Disciplinary Committee for hearing.

C5.2 The **AIM** Executive Panel may grant a consent order in respect of any settlement within its powers that may be negotiated between the **Exchange** and an **AIM company** or **nominated adviser** in relation to any disciplinary action taken by the **Exchange**.

Appeal powers

C6. The **AIM** Executive Panel may, when acting as an appellate tribunal, uphold, quash or vary (in accordance with these rules) any decision by the **Exchange** which can be appealed under the **AIM** rules or refer the matter to the **AIM** Appeals Committee for further consideration.

Membership

C7.1 Members of the **AIM** Executive Panel shall be appropriately experienced senior members of the **Exchange's** staff.

C7.2 The **AIM** Executive Panel appointed pursuant to a referral or an appeal shall have between three and five members (including the Chairman appointed pursuant to C7.6) and shall have a quorum of three.

C7.3 No member of the **Exchange's** staff who has been involved in the investigation or prosecution of the charge(s) in a disciplinary case shall be appointed to the **AIM** Executive Panel considering that disciplinary case.

C7.4 No member of the **Exchange's** staff who has been involved in a decision of the **Exchange** which is the subject of an appeal to the **AIM** Executive Panel shall be appointed to the **AIM** Executive Panel considering an appeal against that decision.

C7.5 The names of the members of the **AIM** Executive Panel will be disclosed to the applicant, the **AIM company** or **nominated adviser** (as applicable).

C7.6 Each **AIM** Executive Panel hearing a case shall appoint one of its members to be the Chairman.

C7.7 A party may object to the membership of the **AIM** Executive Panel on the grounds of conflict of interest or breach of rules C7.3 or C7.4. Such objection must be notified promptly, and prior to the hearing of the case, to the **Exchange**. If the **AIM** Executive Panel upholds the objection, it will take appropriate action to address the objection. The decision of the **AIM** Executive Panel under this rule is an interim decision and cannot be appealed separately from an appeal against the final decision of the **AIM** Executive Panel under rule C13.1.

Confidentiality

C8. Other than as set out in these rules, and other than as between a party and its advisers, each party shall keep confidential any matters relating to any proceedings save where disclosure is permitted or required by law.

Mode of referral when acting as a tribunal of first instance

C9.1 Proceedings before the **AIM** Executive Panel shall be commenced by the **Exchange** submitting a statement of case to the **AIM company** or **nominated**

adviser (as appropriate). The statement of case shall set out the charge(s) and all material facts taken into account and shall have attached to it copies of all documents relevant to the charge(s).

C9.2 The **AIM company** or **nominated adviser** may, within five **business days** (or such other period agreed between the parties) of receipt of the statement of case, submit to the **Exchange** a statement in response setting out all material facts and having attached to it copies of all documents relied upon.

C9.3 The Chairman of the **AIM** Executive Panel may vary the period referred to in rule C9.2 above at the request of the **AIM company** or **nominated adviser**.

C9.4 Following receipt of the **AIM company's** or **nominated adviser's** (as applicable) statement of response, the **Exchange** shall submit to the **AIM** Executive Panel the statement of case and the **AIM company** or **nominated adviser**'s response (if any), together with copies of all other relevant documents.

Mode of referral when acting as an appellate tribunal

C10.1 Appeals to the **AIM** Executive Panel must be commenced by service of a notice in writing on the **Exchange** within 10 **business days** of the service of the decision by the **Exchange**. The notice should set out the name of the appellant, the decision appealed against, the grounds of appeal and all material facts and shall have attached to it copies of all documents relevant to the appeal. The notice should be copied to the **Exchange's** Company Secretary, who will ensure that the notice is transmitted to the Chairman of the **AIM** Executive Panel.

C10.2 The **Exchange** may, within 10 **business days** (or such other period agreed between the parties) of receipt of the notice under rule C10.1, submit to the Chairman of the **AIM** Executive Panel a statement in response setting out all the material facts and having attached to it copies of all documents relied upon. Such statement shall be copied to the appellant (subject to any legal duty of confidentiality with respect to any details in such response)

C10.3 On receipt of a notice under rule C10.1 and any statement in response under rule C10.2 above, the Chairman of the **AIM** Executive Panel will arrange a hearing as soon as reasonably practicable.

C10.4 The Chairman of the **AIM** Executive Panel may vary the time periods referred to in rules C10.1 – C10.3 (other than the period during which an appeal may be made under rule C10.1) at the request of either party.

Procedure

C11.1 Save in circumstances where either party notifies the Chairman of the **AIM** Executive Panel that it believes an oral hearing is essential to establish all the relevant facts and requests the Chairman to hold such an oral hearing, proceedings before the **AIM** Executive Panel will take place through the consideration of documents with no oral hearing.

C11.2 Where there is to be a hearing in accordance with rule C11.1 above, the **AIM** Executive Panel will conduct it in private.

C11.3 The parties may attend the hearing but any hearing may proceed in the absence of one or both of the parties.

C11.4 The **AIM** Executive Panel will give not less than five **business days** notice of the time and place of any hearing to the parties. This notice period may be shortened with the agreement of the parties.

Deliberations and decisions

C12.1 The **AIM** Executive Panel may deliberate at any time and make any decision in the absence of the parties. The **AIM** Executive Panel is entitled to reach decisions on a majority basis. Where a majority decision is reached, this will not be disclosed.

C12.2 When considering appeals, the **AIM** Executive Panel will only quash or vary a decision of the **Exchange** if it is satisfied, on the balance of probabilities, that the decision is a misinterpretation or an erroneous application of any of the **AIM** rules or is not justified by the evidence on which it is based.

C12.3 Following its determination, the **AIM** Executive Panel will notify the parties in writing of:

C12.3.1 its decision;

C12.3.2 the reason(s) for its decision;

C12.3.3 in disciplinary cases, whether any penalty is to be imposed under rule C5.1 above. Any fine must be paid by the **AIM company** or **nominated adviser** (as applicable) within 30 days of receipt of such notification unless appealed in accordance with these rules; and

C12.3.4 a time limit for lodging any appeal against the decision or any part thereof which will be not less than 10 **business days** from the date of service of the decision on the parties.

C12.4 If the **AIM** Executive Panel decides to refer a case to the **AIM** Disciplinary Committee as set out under rule C5.1 above, no public announcement will be made until the **AIM** Disciplinary Committee has reached a decision.

Appeal

C13.1 Appeals against final decisions of the **AIM** Executive Panel (as notified to the parties under rule C12.3) are heard by the **AIM** Appeals Committee, in accordance with its procedures. Appeals must be commenced by service of a notice in writing on the Chairman of the **AIM** Executive Panel within 10 **business days** of the service of the **AIM** Executive Panel's decision (or such other time period as prescribed under rule C12.3.4), setting out the name of the appellant, the decision appealed against, the grounds of appeal, all material facts and attaching copies of all documents relevant to the appeal.

C13.2 On receipt of a notice under rule C13.1 above, the Chairman of the **AIM** Executive Panel will arrange for the appointment of a Secretary of the **AIM**

Appeals Committee who will arrange a hearing as soon as reasonably practicable.

C13.3 The Chairman of the **AIM** Executive Panel or the **AIM** Appeals Committee may extend the time for appeal.

C13.4 Notwithstanding rule C13.1 above, appeals against decisions of the **AIM** Executive Panel on grounds of new evidence (including those where there are other grounds of appeal), shall be heard by way of rehearing by the **AIM** Executive Panel before the right of appeal to the **AIM** Appeals Committee arises. Where the appellant wishes to rely on evidence which was not before the **AIM** Executive Panel, this shall be stated in the appeal notice and copies or details of such evidence shall be attached to the notice.

Changes to the procedures

C14. The **AIM** Executive Panel may vary any of its procedures to adapt to the circumstances of any particular case.

AIM DISCIPLINARY COMMITTEE

Role

C15.1 The **AIM** Disciplinary Committee:

C15.1.1 shall, as a tribunal of first instance, hear and determine charges against an **AIM company** in respect of a breach of the **AIM** rules;

C15.1.2 shall, as a tribunal of first instance, hear and determine charges against a **nominated adviser** in respect of a breach of its responsibilities under the **AIM** rules or in respect of any allegation that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgement; and

C15.1.3 may grant a consent order in respect of any settlement that may be negotiated between the **Exchange** and an **AIM company** or **nominated adviser** (as appropriate) in relation to any disciplinary action taken by the **Exchange**.

Sanctions

C15.2 If the **AIM** Disciplinary Committee finds an allegation against an **AIM company** proven on the balance of probabilities it may impose one or more of the following sanctions.

C15.2.1 fine the **AIM company**;

C15.2.2 censure the **AIM company**;

C15.2.3 publish the fact that the **AIM company** has been fined and/or censured and the reasons for such fine or censure; and/or

C15.2.4 cancel the **admission** of its **AIM securities**.

C15.3 If the **AIM** Disciplinary Committee finds, on the balance of probabilities, that a **nominated adviser** has breached the **AIM** rules, or that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgement it may impose one or more of the following sanctions:

C15.3.1 fine the **nominated adviser**;

C15.3.2 censure the **nominated adviser**;

C15.3.3 remove the **nominated adviser** from the register; and/or

C15.3.4 publish the action it has taken and the reasons for such action.

Membership

C16.1 The **AIM** Disciplinary Committee appointed pursuant to a referral shall have a quorum of three (including the Chairman of the Committee ("Chairman")). The maximum number of members of the **AIM** Disciplinary Committee shall be seven. Any person whom the **AIM** Disciplinary Committee co-opts will count as a member of the **AIM** Disciplinary Committee.

C16.2 Members of the **AIM** Disciplinary Committee are drawn from a panel ("the panel"), membership of which is approved by the **AIM** Advisory Group.

C16.3 The **AIM** Disciplinary Committee may co-opt any person whom it considers appropriate.

C16.4 No-one who is a member of the **Exchange's** staff may be appointed or co-opted.

C16.5 The Chairman may appoint a legally qualified adviser who shall be independent of any party. Such legal adviser will not be counted as a member of the **AIM** Disciplinary Committee, but shall advise the **AIM** Disciplinary Committee on legal matters. The Chairman may replace the legal adviser at his discretion.

C16.6 Members of the **AIM** Disciplinary Committee will notify the Secretary of the Committee or the Chairman of any possible conflict of interest at the earliest possible opportunity and in any event prior to any hearing to be held under rule C21 or C22 below. The Chairman will take appropriate action and will then notify the parties to the disciplinary proceedings of the names of the members of the **AIM** Disciplinary Committee and any proposed legal adviser. If any party to the disciplinary proceedings believes that a potential conflict of interest exists, it shall notify the Chairman at the earliest possible opportunity, and the Chairman will take appropriate action.

C16.7 Where the **AIM** Disciplinary Committee wishes to co-opt a person or to appoint a person to replace a member unable to act whether because of illness, conflict of interest or otherwise and/or the Chairman wishes to replace the legal adviser and the hearing has commenced:

C16.7.1 the appointment shall only take effect with the consent of the parties and the person co-opted or appointed will be subject to the provisions of rule C22.6 below; and

C16.7.2 if, in the absence of such consent, the **AIM** Disciplinary Committee does not wish or is not able to continue with the hearing, it will cease to deal with the referral and an entirely new **AIM** Disciplinary Committee will be appointed from the panel, and a new legal adviser will be appointed by the new Chairman, in both cases in accordance with these procedures, and the hearing, but not any pre-hearing procedures, will start afresh in front of the new **AIM** Disciplinary Committee.

Secretary

C17.1 The **AIM** Disciplinary Committee shall have a Secretary ("the Secretary") appointed by the **Exchange**. The parties will be notified of the name of the Secretary as soon as reasonably practicable. For the avoidance of doubt, the Secretary may be a member of the **Exchange's** staff.

C17.2 The Secretary will carry out any administrative functions. Any notices, notifications and other documents required to be submitted to the **AIM** Disciplinary Committee must be served upon the Secretary who will ensure that copies are provided to the other parties, the members of the **AIM** Disciplinary Committee and any legal adviser as appropriate. Where the **AIM** Disciplinary Committee wishes to notify the parties of any matter it shall do so through the Secretary.

C17.3 Any notices or other documents required to be served shall be served by delivering by hand or posting by first class post or by sending a fax with a confirmatory copy by first class post to the addresses set out below, save that the Secretary may agree with any of those referred to below a different place for service upon them:

C17.3.1 in the case of an **AIM company** or **nominated adviser**, to its registered office;

C17.3.2 in the case of the **Exchange**, to the Secretary with a copy to the Company Secretary of the **Exchange**, at the **Exchange's** registered office; and

C17.3.3 in the case of any other party, to a place agreed with the Secretary.

C17.4 Service shall be deemed effective on the date of delivery by hand or, where first class post is used, on the second day after posting or where a fax is sent, on successful receipt of the fax.

Confidentiality

C18.1 All communications relating to the proceedings (save those which would be privileged from production in a court of law) between the parties and with the **AIM** Disciplinary Committee shall be channelled through the Secretary.

C18.2 If any **AIM** Disciplinary Committee member or the legal adviser is approached by any **person** to discuss any matter connected with the proceedings such member

or legal adviser shall, without delay, notify the Chairman who will take appropriate action.

C18.3 Other than as set out in these rules, and other than as between the parties and their advisers, all parties shall keep confidential any matters relating to any proceedings save where disclosure is permitted or required by law.

Mode of referral

C19.1 The **Exchange** shall refer cases to the **AIM** Disciplinary Committee by service of a written statement of case on the Secretary, who will as soon as reasonably practicable serve a copy of the statement of case on the **AIM company** or **nominated adviser** which is the subject of such statement of case. The statement of case shall set out the charges and a summary of the main facts to be relied on.

C19.2 In the case of referral by the **AIM** Executive Panel (under rule C5.1.3), the **Exchange** shall serve a copy of the statement of case together with the statement of response made by the **AIM company** or **nominated adviser** (as applicable)

Procedure

C20.1 Following service of a statement of case pursuant to rule C19 above:

C20.1.1 the **AIM company** or **nominated adviser** in question may submit to the **AIM** Disciplinary Committee a statement in response (or in the case of referral under rule C5.1.3 – a further statement of response) and shall submit to the **AIM** Disciplinary Committee a statement of all material facts and attach to it copies of all documents relied upon; and

C20.1.2 each party will then notify the **AIM** Disciplinary Committee of any directions to be sought at a pre-hearing review or their assessment that there is no need for a pre-hearing review.

C20.2 The Secretary may by agreement with the parties set a timetable for the completion of the procedures under rule C20.1. If no agreement is reached, the Chairman of the **AIM** Disciplinary Committee may specify by notice in writing to the parties the time limits within which the steps at rule C20.1 above are to be carried out.

Directions

C21.1 Following the completion of the procedures set out in rule C20.1 above, the Chairman or any member of the **AIM** Disciplinary Committee whom he nominates may give any directions and take any other steps he considers appropriate for the clarification of the facts and issues and generally for their just, efficient and expeditious presentation and the determination of the matters in issue. The Chairman or any member of the **AIM** Disciplinary Committee whom he nominates may hold one or more pre-hearing reviews for those purposes and the determination of the matters in issue. By way of example, these directions may include:

C21.1.1 fixing a time and place for any pre-hearing review and hearing;

C21.1.2 by written consent of all parties, directing that the hearing or any part of the hearing shall proceed by written representations;

C21.1.3 recording any admissions made by any party and any request to any party to make admissions;

C21.1.4 directing any party to indicate whether it admits any particular fact(s) or document(s);

C21.1.5 directing any party to disclose and serve copies of any documents;

C21.1.6 setting time limits for any purpose of the proceedings;

C21.1.7 extending or abridging time limits;

C21.1.8 adjourning the pre-hearing review, with such orders as it thinks fit;

C21.1.9 granting leave to amend (including adding documents to) any statement submitted pursuant to rule C20.1 above;

C21.1.10 varying any previous directions; and

C21.1.11 making any order for the payment of costs of or in connection with pre-hearing preparation or any pre-hearing review.

The hearing

C22.1 The **AIM** Disciplinary Committee will usually conduct hearings in private, although an **AIM company** or **nominated adviser** which is subject to proceedings has the right to ask for such hearing to be conducted in public. An **AIM company** or **nominated adviser** requiring such hearing to be conducted in public shall notify the Chairman at least five **business days** prior to commencement of the hearing.

C22.2 A party may be legally represented at any pre-hearing review or hearing.

C22.3 A party may submit evidence to the **AIM** Disciplinary Committee at any time until two **business days** before the hearing.

C22.4 The parties will be given not less than three **business days** notice of the time and place of a pre-hearing review and seven **business days** notice of the time and place of the hearing by the Secretary. Any shorter notice period may apply if the parties agree.

C22.5 If any party fails to attend or be represented at a pre-hearing review or a hearing, the **AIM** Disciplinary Committee may proceed in its absence.

C22.6 At the hearing:

C22.6.1 the members of the **AIM** Disciplinary Committee and the legal adviser will be introduced to the parties by the Chairman who will state that each of the members and the legal adviser believes himself to have no conflict of interest in hearing the case;

C22.6.2 the parties will be asked to confirm that there is no reasonable objection to any of the **AIM** Disciplinary Committee members hearing the case or the legal adviser on the grounds of conflict of interest; and

C22.6.3 if the **AIM** Disciplinary Committee, which for these purposes shall exclude any member objected to and shall have a quorum of two, upholds an objection it may appoint another person from the panel to replace any relevant member and where the objection relates to the legal adviser the Chairman may appoint another person to replace the legal adviser; in all cases the appointment shall be made in accordance with these procedures.

C22.7 Unless otherwise ordered by the **AIM** Disciplinary Committee, the order of proceedings at the hearing shall be as follows:

C22.7.1 the allegation(s) made by the **Exchange** will be read and the **AIM company** or **nominated adviser** (as appropriate) will state whether the allegation(s) is/are admitted;

C22.7.2 each party (the **Exchange** followed by the other party(ies)) may present its evidence and/or call witnesses, who may be cross-examined and re-examined by the other parties and questioned by the **AIM** Disciplinary Committee, and may make submissions to the **AIM** Disciplinary Committee; and

C22.7.3 where the **AIM** Disciplinary Committee is satisfied that any allegation has been proven it shall take into account any representations made by the parties on whether any and if so what sanction(s) should be imposed before deciding whether and if so what sanction(s) will be imposed.

C22.8 At a hearing the **AIM** Disciplinary Committee may:

C22.8.1 admit any evidence whether oral or written, whether direct or hearsay, without any requirement that it be on oath and whether or not the same would be admissible in a court of law;

C22.8.2 make any directions which may be given at a pre-hearing review, and vary any direction which has been made; and

C22.8.3 make all such directions with regard to the conduct of and procedure at the hearing as the **AIM** Disciplinary Committee considers appropriate for securing a proper opportunity for the parties to present their cases and otherwise as may be just.

C22.9 A record of the pre-hearing review may be made at the request of any party or if the Chairman so decides. A transcription or copy of the record will be made available to a party on payment of the cost of making such transcription or copy or a proportion thereof as the Secretary in his discretion shall determine. For the

avoidance of doubt, it shall be sufficient for such record to be in the form of minutes taken by the Secretary.

C22.10 A record of the hearing will be made. A transcription or copy of the record will be made available to a party on payment of the cost of making such transcription or copy or a proportion thereof as the Secretary in his discretion shall determine. For the avoidance of doubt, it shall be sufficient for such record to be in the form of minutes taken by the Secretary.

Deliberations and decisions

C23.1 The **AIM** Disciplinary Committee may deliberate at any time and make any decision in the absence of the parties. The **AIM** Disciplinary Committee may adjourn any hearing at any time as it thinks fit. The **AIM** Disciplinary Committee is entitled to reach decisions on a majority basis. Where a majority decision is reached, this fact will not be disclosed. In the case of an equality of votes, the Chairman shall have a second or casting vote which shall be exercised in favour of the **AIM company** or **nominated adviser** (as applicable).

C23.2 Following the conclusion of the proceedings, the **AIM** Disciplinary Committee will notify the parties in writing of:

C23.2.1 its decision(s), including any penalty under rule C15 above and any statement intended for publication;

C23.2.2 the reason(s) for its decision(s);

C23.2.3 any order for costs to be imposed; and

C23.2.4 a time limit for the lodging of any appeal against the written decision or any part thereof which will be not less than 10 **business days** from the date of service on the parties of the written decision save in exceptional circumstances where the **AIM** Disciplinary Committee may order a shorter period.

C23.3 The matters at rules C23.2.1 to C23.2.3 above will not take effect until the expiry of the period for the lodging of any appeal or any extension thereof. If an appeal is lodged in relation to any or all of rules C23.2.1 to C23.2.3 the relevant matters at rules C23.2.1 to C23.2.3 above will not take effect until the appeal is withdrawn or the **AIM** Appeals Committee orders that they or any of them shall take effect.

C23.4 The **AIM** Disciplinary Committee may order any party to pay such reasonable costs as it thinks fit, regardless of any finding or the outcome of the case. Such costs may include the remuneration and expenses of members of the **AIM** Disciplinary Committee, the legal adviser, the Secretary and any costs incurred by the other party in the preparation and presentation of its case. Costs may be awarded against the **Exchange** only if, in the opinion of the **AIM** Disciplinary Committee, the **Exchange** has acted in bad faith in bringing or conducting the proceedings. Such order will be made only after the parties to the proceedings have been given the opportunity to make submissions on costs to the **AIM** Disciplinary Committee.

C23.5 Any fine shall be paid within 30 **business days** of receipt of the written decision of the **AIM** Disciplinary Committee or the conclusion of any appeal against that determination and any costs ordered to be paid shall be paid within 30 **business days** of receipt of the notification in writing of the amount payable.

C23.6 The **AIM** Disciplinary Committee may publish part or all of its decision or a summary of it, and the reasons for the decision. Where the sanction imposed is a private censure, the **AIM** Disciplinary Committee may publish its decision in part or a summary of it and the reasons for the decision without revealing the identity of the **AIM company** or **nominated adviser** sanctioned.

Appeal

C24.1 Final decisions of the **AIM** Disciplinary Committee (as notified to the parties under rule C23.2) may be appealed. Appeals must be made by service of a notice in writing, within 10 **business days** of the service of the **AIM** Disciplinary Committee's decision, setting out the name of the appellant, the decision appealed against, the grounds of appeal, the principal matters relied upon and attaching copies of any documents relied upon on the Secretary to the **AIM** Disciplinary Committee who will as soon as reasonably practicable serve a copy on the other party. Where the appellant wishes to rely on evidence or documentation which was not before the **AIM** Disciplinary Committee, this shall be stated in the notice together with details of such evidence and copies of such documentation shall be attached to the notice.

C24.2 On receipt of a notice under rule C24.1 above, the Secretary will notify the Chairman of the **AIM** Appeals Committee who will arrange a hearing as soon as reasonably practicable.

C24.3 The **AIM** Disciplinary Committee or the **AIM** Appeals Committee may extend the time for appeal.

Changes to the procedures

C25.1 The **AIM** Disciplinary Committee may vary any of these procedures to adapt to the circumstances of any particular case.

AIM APPEALS COMMITTEE

Role

C26.1 The **AIM** Appeals Committee shall hear and determine:

C26.1.1 appeals against decisions of the **AIM** Executive Panel made pursuant to referrals made under rule C13.1 above; and

C26.1.2 appeals against decisions of the **AIM** Disciplinary Committee made pursuant to referrals made under rule C24.1 above.

Sanctions

C27.1 The **AIM** Appeals Committee may uphold, quash or vary any decision of the **AIM** Executive Panel or the **AIM** Disciplinary Committee. In the case of an appeal from the **AIM** Executive Panel in a disciplinary case, the **AIM** Appeals

Committee may vary any penalty imposed by the **AIM** Executive Panel, subject to awarding a maximum fine of £50,000 for each breach.

Membership

C28.1 The **AIM** Appeals Committee appointed following service of a notice pursuant to rule C13.1 or rule C24.1 (as applicable) shall have a quorum of three (including the Chairman). The maximum number of members of the **AIM** Appeals Committee shall be seven. Any person whom the **AIM** Appeals Committee co-opts will count as a member of the **AIM** Appeals Committee.

C28.2 Members of the **AIM** Appeals Committee are drawn from the panel referred to in rule C16.2 above.

C28.3 The **AIM** Appeals Committee may co-opt any person whom it considers appropriate.

C28.4 No-one who served on the **AIM** Disciplinary Committee, whose decision is the subject of the appeal, nor its legal adviser nor anyone who is at the relevant time a member of the **Exchange's** staff, may be appointed or co-opted to the **AIM** Appeals Committee.

C28.5 The Chairman may appoint a legally qualified adviser who shall be independent of any party. Such legal adviser will not be counted as a member of the **AIM** Appeals Committee but shall advise the **AIM** Appeals Committee on legal matters. The Chairman may replace the legal adviser at his discretion.

C28.6 Members of the **AIM** Appeals Committee will notify the Secretary or the Chairman of any possible conflict of interest at the earliest possible opportunity and in any event prior to any hearing to be held under rule C32 or C33 below. The Chairman will take appropriate action and will then notify the parties to the proceedings of the names of the members of the **AIM** Appeals Committee and any proposed legal adviser. If any party to the proceedings believes that a potential conflict of interest exists, it shall notify the Chairman at the earliest possible opportunity. The Chairman will take appropriate action.

C28.7 Where the **AIM** Appeals Committee wishes to co-opt a person or to appoint a person to replace a member unable to act whether because of illness, conflict of interest or otherwise and the hearing has commenced:

C28.7.1 the appointment shall only take effect with the consent of the parties and the person co-opted or appointed will be subject to the provisions of rule C33.4 below; or

C28.7.2 if in the absence of such consent the **AIM** Appeals Committee does not wish or is not able to continue with the hearing it will cease to deal with the appeal and an entirely new **AIM** Appeals Committee will be appointed in accordance with these procedures and the hearing, but not any pre-hearing procedures, will start afresh in front of the new **AIM** Appeals Committee.

Secretary

C29.1 The **AIM** Appeals Committee shall have a Secretary ("the Secretary") appointed by the **Exchange**. The parties will be notified of the name of the secretary as soon as reasonably practicable. For the avoidance of doubt, the Secretary may be a member of the **Exchange** staff and notwithstanding rule C28.4 may be the same Secretary who was Secretary of the **AIM** Disciplinary Committee.

C29.2 The Secretary will carry out any administrative functions. Any notices, notifications and other documents required to be submitted to the **AIM** Appeals Committee must be served upon the Secretary who will ensure that copies are provided to the other parties, the members of the **AIM** Appeals Committee and any legal adviser as appropriate. Where the **AIM** Appeals Committee wishes to notify the parties of any matter it shall do so through the Secretary.

C29.3 Any notices or other documents required to be served shall be served by delivering by hand or posting by first class post or by sending by fax with a confirmatory copy by first class post to the addresses set out below, save that the Secretary may agree with any of those referred to below a different place for service upon them:

C29.3.1 in the case of an appellant, to its head office;

C29.3.2 in the case of the **Exchange**, to the Secretary with a copy to the Company Secretary, at the **Exchange**'s registered office; and

C29.3.3 in the case of any other party, to a place agreed with the Secretary.

C29.4 Service shall be deemed effective on the date of delivery by hand or where first class post is used, on the second day after posting or where a fax is sent, on successful receipt of the fax.

Confidentiality

C30.1 All communications relating to the proceedings (save those which would be privileged from production in a court of law) between the parties and with the **AIM** Appeals Committee shall be channelled through the Secretary.

C30.2 If any **AIM** Appeals Committee member or the legal adviser is approached by any **person** to discuss any matter connected with the proceedings the member or legal adviser, as appropriate, shall notify the Chairman without delay, who will take appropriate action.

C30.3 Other than as set out in these rules, and other than as between the parties and their advisers, all parties shall keep confidential any matters related to the appeal save where disclosure is permitted or required by law.

Procedure

C31.1 Following service of a notice pursuant to rule C13.1 or C24.1 above and the appointment of the **AIM** Appeals Committee:

C31.1.1 the appellant may submit to the **AIM** Appeals Committee a statement amending or expanding upon the notice served pursuant to rule C13.1 or C24.1 above (as appropriate); and

C31.1.2 any other party may submit to the **AIM** Appeals Committee a statement in support of its case and any such party wishing to rely on evidence or documents not already before the **AIM** Appeals Committee must submit a statement containing details thereof and attach to it copies of any such documents.

C31.2 If both parties consent in writing to the Secretary, the appeal may be by way of written submissions only.

Directions

C32.1 The **AIM** Appeals Committee may make any directions including any that may be made by the **AIM** Disciplinary Committee and take any other steps it considers appropriate including holding pre-hearing reviews for the clarification of the facts and issues and generally for their just, efficient and expeditious presentation and the proper determination of the appeal.

The hearing

C33.1 The **AIM** Appeals Committee will usually conduct hearings in private, although an appellant which is subject to proceedings has the right to ask for such hearing to be conducted in public. An appellant requiring such hearing to be conducted in public shall notify the Chairman at least five **business days** prior to commencement of the hearing.

C33.2 Any party may be legally represented at any hearing.

C33.3 The parties will be given not less than 10 **business days** notice of the time and place of the hearing by the Secretary. The notice period may be shortened with the consent of the parties.

C33.4 If a party fails to attend or be represented at any hearing or pre-hearing review, the **AIM** Appeals Committee may proceed in its absence.

C33.5 At the hearing:

C33.5.1 the members of the **AIM** Appeals Committee and the legal adviser will be introduced to the parties by the Chairman who will state that each of the members and the legal adviser believes himself to have no conflict of interest in hearing the appeal;

C33.5.2 the parties will be asked to confirm that there is no reasonable objection to any of the **AIM** Appeals Committee members hearing the appeal or to the legal adviser on the grounds of conflict of interest; and

C33.5.3 if the **AIM** Appeals Committee, which for these purposes shall exclude any member objected to and shall have a quorum of two, upholds an objection, the Chairman may appoint a replacement in accordance with these procedures.

C33.6 The order of proceedings shall be at the discretion of the **AIM** Appeals Committee.

C33.7 No party may rely on any statement or document not served on the **AIM** Appeals Committee more than two **business days** before the hearing save with the leave of the **AIM** Appeals Committee.

C33.8 Save in exceptional circumstances and with the leave of the **AIM** Appeals Committee, no party may present evidence (including calling new witnesses) that was not available to the **AIM** Disciplinary Committee or the **AIM** Executive Panel, although additional submissions may be made. Whether such new evidence should be permitted and, where it is permitted, the procedure for its presentation shall be decided on a case by case basis by the **AIM** Appeals Committee.

C33.9 A record of any hearing will be made. A transcription or copy of the record will be available to any party, on payment of the cost of making such transcription or copy or a proportion thereof as the Secretary in his discretion shall determine. For the avoidance of doubt, it shall be sufficient for such record to be in the form of minutes taken by the Secretary.

Deliberations and decisions

C34.1 The **AIM** Appeals Committee may deliberate at any time and make any decision in the absence of the parties. The **AIM** Appeals Committee may adjourn any hearing at any time as it thinks fit. The **AIM** Appeals Committee is entitled to reach decisions on a majority basis. Where a majority decision is reached this will not be disclosed. In the case of an equality of votes, the Chairman shall have a second or casting vote which shall be exercised in favour of the appellant.

C34.2 The **AIM** Appeals Committee will only quash or vary a decision of the **AIM** Disciplinary Committee or the **AIM** Executive Panel if it is satisfied, on the balance of probabilities, that the decision is a misinterpretation of or an erroneous application of any of the **AIM** rules or is not justified by the evidence on which it is based.

C34.3 Following the conclusion of the proceedings, the **AIM** Appeals Committee will notify the parties in writing of:

C34.3.1 its decision(s), including any statement intended for publication;

C34.3.2 the reason(s) for its decision; and

C34.3.3 any order for costs to be imposed.

C34.4 The **AIM** Appeals Committee may order any party to the proceedings to pay such reasonable costs as it thinks fit regardless of any finding or the outcome of the case. Such costs may include the remuneration and expenses of members of the **AIM** Appeals Committee, the Secretary and the legal adviser and any costs incurred by any other party in the preparation and presentation of its case. Costs may be awarded against the **Exchange** only if, in the opinion of the **AIM** Appeals Committee, the **Exchange** has acted in bad faith in bringing or conducting the

proceedings. Such order will be made only after the parties to the proceedings have been given the opportunity to make submissions on costs to the **AIM** Appeals Committee.

C34.5 Any fine shall be paid within 30 **business days** of receipt of the written decision of the **AIM** Appeals Committee and any costs ordered to be paid shall be paid within 30 **business days** of receipt of the notification in writing of the amount payable.

C34.6 The **AIM** Appeals Committee may publish part or all of its written decision or a summary of it, and the reasons for the decision.

Changes to the procedures

C35.1 The **AIM** Appeals Committee may vary any of these procedures to adapt to the circumstances of any particular case.

CONSENT ORDERS

C36.1 At any time after the **Exchange** has decided to take enforcement action in relation to a matter pursuant to these rules, the **Exchange** and the **AIM company** or **nominated adviser** (as appropriate) may, without prejudice, negotiate a proposed settlement ("consent order") and jointly submit it in writing to the **AIM** Executive Panel or **AIM** Disciplinary Committee for approval. A disciplinary action may, at the discretion of the **Exchange**, be delayed, and if already commenced – halted, by the commencement of the negotiation of a consent order.

C36.2 At the request of the **AIM company** or **nominated adviser** (as applicable), a consent order submitted to the **AIM** Disciplinary Committee for approval may be anonymous, provided that this will have no impact on the decision taken by the **AIM** Disciplinary Committee. The **AIM** Disciplinary Committee retains the right to insist that the name of the **AIM company** or **nominated adviser** (as applicable) is disclosed to them.

C36.3 If the **AIM** Executive Panel or **AIM** Disciplinary Committee approve the proposed consent order, or any variation agreed by the **Exchange** and the **AIM company** or **nominated adviser**, it shall immediately make the order.

C36.4 The consequences of a consent order made by the **AIM** Executive Panel or **AIM** Disciplinary Committee shall be the same as those of a decision made by the **AIM** Executive Panel or **AIM** Disciplinary Committee sitting as a tribunal of first instance, except that there can be no appeal and the consent order and penalties on any charges to which it relates shall have immediate effect.

C36.5 The **AIM** Executive Panel or **AIM** Disciplinary Committee shall, in considering the consent order, take into account and give due weight to the fact that the parties are jointly applying for the consent order to be made.

C36.6 If the **AIM** Executive Panel or **AIM** Disciplinary Committee do not approve the proposed consent order, there shall be no reference in any hearing before the **AIM** Executive Panel or **AIM** Disciplinary Committee to the negotiations, the

proposed consent order or the submissions made to the **AIM** Executive Panel or **AIM** Disciplinary Committee, all of which shall be confidential.

C36.7 Where rule C36.6 applies, the **AIM** Executive Panel or **AIM** Disciplinary Committee constituted to hear the disciplinary charges shall contain no person who was part of the **AIM** Executive Panel or **AIM** Disciplinary Committee that considered the consent order.

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London Stock Exchange
10 Paternoster Square
London EC4M 7LS
Telephone: +44 (0)20 7797 1000
www.londonstockexchange.com