

Attachment 2 to Stock Exchange Notice N18/07

Criteria for AIM registered organisations

The regimes for AIM primary market and secondary market registered organisations are designed to provide member firms with the ability to report their trading in AIM securities to other venues in a manner that will allow the Exchange to retain adequate oversight of the AIM market and to ensure the maintenance of high regulatory standards. In particular, these regimes will allow the Exchange to maintain a proper market in AIM securities. The requirement to operate a proper market is set out in the Recognition Requirements Regulations and associated FSA Handbook (“REC”).

The key difference between the two regimes is that an AIM primary market registered organisation has its own relationship with the AIM issuer and thereby has the ability to enforce its own proper market in those securities, whereas an AIM secondary market registered organisation can admit the AIM security without the consent or knowledge of the issuer and has such no relationship with it.

AIM primary market registered organisation

The criteria that follow represent the minimum standards that the Exchange will apply for the purpose of deciding whether an applicant venue may qualify for recognition as an AIM primary market registered organisation, in accordance with Rule 3010.4.

Any significant failure to meet these criteria by a venue or where the Exchange has reasonable grounds to believe a venue is no longer suitable may entitle the Exchange to withdraw AIM primary market registered organisation status with immediate effect.

1. There must be a continuing obligation placed on the AIM issuer by the rules of the AIM primary market registered organisation for the timely disclosure of corporate information;
2. The AIM issuer must be obliged to provide all necessary information to the AIM primary market registered organisation for the AIM primary market registered organisation to maintain a proper market in the AIM securities; and
3. The AIM primary market registered organisation must have the discretion to refuse to admit to trading, to suspend from trading and to cancel from admission to trading the securities of AIM issuers.

An AIM primary market registered organisation will only be considered as such for the purpose of Rule 3010.4 in relation to transactions in AIM securities where the underlying AIM issuer is subject to the primary market rules of that AIM primary registered organisation. It is expected that most

primary market registered organisations will be overseas venues on which AIM issuers have chosen to list their securities in addition to being admitted to trading on AIM.

AIM secondary market registered organisation

Where no primary market relationship exists between the applicant venue and the issuer, the Exchange will apply the following criteria to establish the suitability of an applicant to be an AIM secondary market registered organisation.

The criteria that follow represent the minimum standards which the Exchange will apply for the purpose of deciding whether an applicant venue may qualify for recognition as an AIM secondary market registered organisation in accordance with Rule 3010.4.

Any significant failure to meet these criteria by a venue or where the Exchange has reasonable grounds to believe a venue is no longer suitable may entitle the Exchange to withdraw AIM secondary market registered organisation status with immediate effect.

1. The AIM secondary market registered organisation must have the ability and have appropriate gateways to communicate freely with the Exchange on regulatory matters generally, without regard to matters such as client confidentiality or commercial secrecy;
2. The AIM secondary market registered organisation must establish formal arrangements that enable it to provide all necessary information to the Exchange to enable the Exchange to maintain a proper market in the AIM securities; and
3. The AIM secondary market registered organisation must implement practical operational mechanisms (to be approved by the Exchange) to enable the provision of real time trading information to the Exchange, in respect of transactions in AIM securities admitted to the AIM secondary market registered organisation. These arrangements may vary from case to case. This must include information that will enable the Exchange, in relation to trading in AIM securities, to:
 - see all executed trades immediately, including any unpublished trades;
 - identify both counterparties to the trades; and
 - identify quickly whether any anomalous trades or unusual trading is taking place on the AIM secondary market registered organisation, through access to appropriate alerting information.

The above information is required in order that the Exchange can ensure a proper market in AIM securities.

Publication

The Exchange will maintain a list of the approved AIM primary market registered organisations and AIM secondary market registered organisations on its website.