

18th August 2009

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**For the attention of the
chairman/senior partner/compliance officer,
all member firms**

N38/09

STOCK EXCHANGE NOTICE

Confirmation of rule amendments – AIM Secondary Market Registered Organisations

Introduction

1. In April 2007, the Exchange consulted on creating a Registered Organisation regime that is specific to the AIM market (see Stock Exchange Notice N18/07). The purpose was to give member firms the ability to trade AIM securities on other venues, whilst allowing the Exchange to maintain a level of oversight that is sufficient to enable it to fulfil its primary market regulatory responsibilities.

Background

2. Unlike the Main Market, for which responsibility for primary market regulation resides with the UK Listing Authority, AIM is operated and regulated by the Exchange. The Exchange's primary market regulation of AIM ensures that a proper market is maintained for AIM, meaning investors are provided with appropriate and sufficient information to determine the valuation of a company's shares.

3. To maintain AIM's regulatory standards and ensure the provision of a proper market, the Exchange must be confident that it has sufficient visibility of the trading being conducted in AIM securities on platforms that do not have a direct regulatory relationship with AIM issuers. Alternatively, other venues that admit the securities of AIM issuers must have a direct regulatory relationship with the issuer and therefore be able to exert primary market regulatory control over those companies, under their own rules.

Proposed framework in N18/07

4. Two types of Registered Organisation were proposed in N18/07: an AIM Primary Market Registered Organisation ("APMRO") for those venues where the AIM issuer had decided to admit to that market, and the venue thus had a primary market relationship with the AIM issuer; and an AIM Secondary Market Registered Organisation ("ASMRO"), where the venue did not have a formal relationship with the AIM issuer.
5. In July 2007 the Financial Services Authority ("FSA") issued a Discussion Paper ("DP07/3"), which considered the issue of third party venues trading MTF shares, such as AIM shares, where the third party venue did not itself regulate the issuers. Given the potential overlap with the Exchange's proposed ASMRO regime, consultation responses indicated the Exchange should not proceed with this concept but should instead wait for the outcome of DP07/3, which was expected to be in the form of proposed rules in a FSA Consultation Paper published later that year. As such, the Exchange only confirmed the rule changes in relation to the APMRO regime as the APMRO regime was unaffected by the matters considered in DP07/3.

Introduction of ASMRO

6. Following discussions with, and the agreement of, the FSA, the Exchange is now confirming the ASMRO proposals made in N18/07.

Rule changes

7. Attachment 1 details the relevant rule changes regarding ASMROs including guidance on the criteria the Exchange will employ in determining whether a trading venue is eligible for ASMRO status. The rule changes will become effective from 19 August 2009. An updated version of the rules will be available from this date on the Exchange's website at: <http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/rules-regulations.htm>.

8. Comments or queries on this Notice should be addressed to Jeannette Cowan, UK Regulation, telephone +44 (0)20 7797 2087(STX 32087) or email: jcowan@londonstockexchange.com

Nick Bayley
Head of UK Regulation

This Stock Exchange Notice will be available on the website at <http://www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnoticesnew/>

Calls to London Stock Exchange plc may be recorded to enable the Exchange to carry out its regulatory responsibilities.