

# STOCK EXCHANGE AIM DISCIPLINARY NOTICE

AD 12

8 May 2014

## SECTION C2.2 NOTICE

1. Pursuant to section C2.2 of the AIM Disciplinary Procedures and Appeals Handbook, the Exchange announces that an AIM company has been privately censured and fined £90,000 by the AIM Executive Panel.
2. The Exchange is publishing details of this disciplinary action in this Notice, on an anonymous basis, for the purpose of emphasising to AIM companies and their nominated advisers the expected standards of conduct on AIM.
3. The AIM Company (the '**Company**') breached AIM Rule 13 by failing to notify the market, without delay, of transactions with known related parties. The Company also breached Rule 31 of the AIM Rules by failing to take into account the advice of its nominated adviser ('**nomad**') and failing to provide its nomad with complete information.
4. In particular, the Company was explicitly advised by its nomad that a proposed transaction would constitute a related party transaction and was reminded of its AIM Rule 13 obligations. Notwithstanding that advice, the Company proceeded to enter into the related party transaction without regard to its AIM Rule 13 obligations. Further, on several occasions, the Company failed to provide its nomad with complete information and was not fully transparent as regards its dealings with the related party, thereby hindering the nomad's ability to perform its nomad responsibilities.
5. The Exchange would emphasise the importance of the role of the nomad to advise and guide AIM companies on their AIM Rules obligations. In particular, it is essential that an AIM company communicates in an open and honest manner with its nomad and takes into account the advice of the nomad on AIM Rules compliance.
6. The Exchange has taken into account the fact that there was no discernible market impact from the delay in complying with AIM Rule 13, the Company's general compliance history and the responsiveness and conduct of the Company in relation to the Exchange's investigation.

Any queries relating to this AIM Notice should be addressed to: [aimregulation@lseg.com](mailto:aimregulation@lseg.com)

Nilam Statham  
**Head of AIM Regulation**

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**Notes:**

**AIM Rules for Companies, February 2007**

Pursuant to AIM Rule 42 if the Exchange considers that an AIM company has contravened the AIM Rules, it may take one or more of the following measures:

- ◆ issue a warning notice;
- ◆ fine it;
- ◆ censure it; or
- ◆ cancel the admission of its AIM securities; and
- ◆ publish the fact that it has been fined or censured and the reasons for that action

Pursuant to AIM Rule 44, where the Exchange proposes to take any of the steps described in Rule 42, the Exchange will follow the procedures set out in the Disciplinary Procedures and Appeals Handbook.

**AIM Disciplinary Procedures and Appeals Handbook, Section C2.2**

Under this section, the Exchange retains 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, where the Exchange believes to do so would be of assistance to the market.