



STOCK EXCHANGE AIM DISCIPLINARY NOTICE

AD 14

17 September 2015

SECTION C2.2 NOTICE

1. Pursuant to section C2.2 of the AIM Disciplinary Procedures and Appeals Handbook, London Stock Exchange plc ("**Exchange**") announces that a nominated adviser has been privately censured and fined £75,000 by the AIM Executive Panel. The fine reflects a discount for early settlement of the matter.
2. The private censure relates to a failure by the nominated adviser to effect changes it had previously agreed to make. These were changes in order to address issues identified by the Exchange as part of a review of that nominated adviser's work against the standards required of it by the AIM Rules for Nominated Advisers ("**Nomad Rules**"). The relevant Nomad Rules which were found to have been breached were (i) Nomad Rule 19 relating to the quality of the nominated adviser's liaison with the Exchange and (ii) Nomad Rule 23 relating to the failure to ensure that the nominated adviser maintains procedures which are sufficient for it to discharge its ongoing obligations under the Nomad Rules.
3. AIM Regulation undertakes a continuing programme of visits to all nominated advisers (pursuant to Nomad Rule 26) to review the compliance of their work as nominated advisers with their duties under the Nomad Rules.
4. The nominated adviser review programme is an important part of the regulatory work undertaken by AIM Regulation. It enables AIM Regulation to monitor a firm's approach to, and performance of, its obligations due to the Exchange and to ensure that all nominated advisers are meeting the standard of skill and care required under the Nomad Rules. Where necessary, following a review, AIM Regulation will provide guidance and/or recommendations to firms regarding systems and controls and approach to the performance of its nominated adviser obligations, in order to develop good standards within individual firms which are consistent across nominated adviser firms.
5. As a result of its review of the nominated adviser, AIM Regulation provided guidance and made a number of recommendations in respect of its procedures. The nominated adviser agreed that it would implement changes to address the issues identified. Notwithstanding these assurances, it became clear that little progress had been made in respect of implementation of those changes.
6. In order to be able to successfully undertake this regulatory work, it is important that AIM Regulation is able to rely upon assurances provided by a nominated adviser regarding the implementation of any changes the firm has proposed to make to address any issues identified by the review. Failure to implement agreed changes is

unacceptable to the Exchange given the importance of the role of the nominated adviser in respect of maintaining the integrity and reputation of AIM.

7. In determining the sanction, the Exchange has taken into account a number of factors including (i) the nominated adviser's subsequent progress made to implement the changes to address the issues raised by the Exchange and (ii) the nominated adviser's co-operation with the Exchange's investigation and disciplinary action.

Any queries relating to this AIM Notice should be addressed to: aimregulation@lseg.com

Nilam Statham
Head of AIM Regulation

Notes:

AIM Rules for Nominated Advisers, May 2014

Pursuant to Nomad Rule 29 if the **Exchange** (in accordance with the procedures set out in the **Disciplinary Procedures and Appeals Handbook**) considers that a **nominated adviser** is either in breach of its responsibilities under these rules or the **AIM Rules for Companies** or that the integrity and reputation of **AIM** has been or may be impaired as a result of its conduct or judgment, the **Exchange** may in relation to such **nominated adviser** take one or more of the following actions:

- issue a **warning notice**;
- levy a fine;
- issue a censure; or
- remove the **nominated adviser** from the **register**; and
- publish the action the **Exchange** has taken and the reasons for that action.

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.