



London
Stock Exchange

15 December 2016

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For the attention of the Nominated Advisers and AIM Companies

STOCK EXCHANGE AIM DISCIPLINARY NOTICE

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SECTION C2.2 NOTICE

1. Pursuant to section C2.2 of the AIM Disciplinary Procedures and Appeals Handbook, London Stock Exchange plc (the “**Exchange**”) announces that the AIM Disciplinary Committee (a committee independent of the Exchange) has determined that an AIM company be privately censured and fined £75,000 for a breach of AIM Rule 31.
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 the importance of its obligations to liaise with its nominated adviser (“**nomad**”) pursuant to AIM Rule 31.
3. The AIM Disciplinary Committee (the “**ADC**”) determined that the AIM company (the “**Company**”) breached AIM Rule 31 by failing to provide its nomad with information reasonably required to carry out the nomad’s responsibilities owed to the Exchange and by failing to seek its nomad’s advice regarding compliance with the AIM Rules when it was appropriate to do so.
4. The ADC held that the Company ought to have informed its nomad and sought advice regarding a series of business developments. It further held that it was not appropriate for the Company to decide whether or not the business developments were disclosable based solely on its own assessment of its obligations under the AIM Rules, without reference to its nomad. The ADC considered that this was precisely the type of issue that falls within AIM Rule 31 and where an AIM company should be seeking advice from its nomad.
5. Further the ADC found that:
 - a) The Company’s obligation to inform its nomad and seek advice regarding business developments covered a wider range of developments than would be required to be announced under AIM Rule 11.
 - b) It was not sufficient for the Company simply to send agendas and minutes of board meetings to its nomad, without any context or conversation, and assume that such actions discharged the Company’s AIM Rule 31 responsibilities. Developments within the business need to be shared openly and fully with the Company’s nomad, and advice sought from the nomad.
 - c) Contractual obligations between an AIM company and its nomad do not override the Company’s AIM Rules responsibilities.
6. The ADC’s findings underline the importance of an AIM company’s AIM Rule 31 obligations to liaise with its nomad. In particular AIM Rule 31 should not be narrowly interpreted. AIM Rule 31 should be interpreted purposively, requiring an AIM company to provide full, timely and regular

information to its nomad, given that the fundamental purpose of AIM Rule 31 is to ensure that the nomad is kept fully aware of developments and can fulfil its regulatory role and responsibilities to the Exchange, to advise and guide an AIM company for which it acts.

7. The Exchange has made clear, in a number of previous published disciplinary actions and guidance, that appropriate liaison between an AIM company and its nomad in accordance with AIM Rule 31 is a fundamental tenet of the AIM Rules. Accordingly, where appropriate, we will continue to pursue formal disciplinary actions for such breaches.

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

Nilam Statham
Head of AIM Regulation

Notes:

AIM Rules for Companies

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 Disciplinary Committee where the Exchange believes to do so would be of assistance to the market.