
AIM NOTICE

7 August 2015

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**For the attention of Nominated Advisers/ Finance Directors/
Company Secretaries, all AIM Companies**

MINOR CHANGES TO THE AIM RULES FOR COMPANIES ARISING FROM THE CSD REGULATION



1. The EU Regulation on Central Securities Depositories (“CSD Regulation”) was published in the Official Journal on 28 August 2014. We refer you to Stock Exchange Notices N08/14, N12/14, N13/14 and N09/15 in respect of the Exchange’s implementation of the regulation.
2. Under Article 3(2) of the CSD Regulation, transactions in transferrable securities that take place on a trading venue (including AIM) should be recorded in book entry form in a Central Securities Depository (“CSD”) on or before the intended settlement date (unless already so recorded). This requirement applies irrespective of whether the security is eligible for electronic settlement or not and applies to all transactions executed under the Rules of the London Stock Exchange. Consequently, Stock Exchange Notice 13/14, introduced a new rule requiring order book trades to be settled electronically in order to be compliant with CSD Regulation Article 3(2).
3. More information on the CSD Regulation can be found on the EU Commission’s website.

Regulation S, Category 3

4. There are a small number of AIM “Regulation S, Category 3” traded securities admitted post-2000 which are currently not eligible for electronic settlement. Stock Exchange Notice N09/15 extended the period by which these securities must be capable of being settled electronically to 1 September 2015.
5. As noted in the Stock Exchange Notices referenced above, the Exchange has been working with Euroclear UK and Ireland (“EUI”) towards an electronic settlement solution for affected issuers and notes that EUI has published its White Book detailing its new Euroclear UK & Ireland: Regulation S Category 3 Settlement Service. The proposed ‘electronic settlement service’ provides EUI clients with access to full electronic settlement in CREST of Regulation S, Category 3 securities and, if applicable, equity securities of US issuers and other issuers that do not qualify as “foreign private issuers” under US securities laws subject to transfer restrictions in connection with offers or sales in reliance on Rule 144A (“Rule 144A”) under the US Securities Act of 1933, as amended.

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Change to AIM Rules

6. The Exchange has previously provided derogations from Rule 36 of the AIM Rules for Companies (the "AIM Rules") to enable the admission of Regulation S, Category 3 securities to AIM. In future we would expect these securities to be eligible for electronic settlement within a CSD and therefore derogations will no longer be available from Rule 36 for such securities.. An AIM company will also be expected to notify the Exchange when the distribution compliance period no longer applies to its securities.
7. These changes have effect from 1 September 2015. Consequential changes have been made to the AIM Application Form.

Given the minor nature of these changes, the AIM Rules will be updated at the time of the next set of changes to the AIM Rules.

QUERIES ON THIS NOTICE

8. Queries from AIM companies on this Notice should be addressed to their nominated adviser. Queries from nominated advisers should be sent to AIM Regulation at: aimregulation@lseq.com.

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