

---

# AIM NOTICE

15 October 2015

## AIM NOTICE 42

For the attention of Nominated Advisers and all AIM Companies

---

### AIM RULES FOR COMPANIES

---

#### 1. INTRODUCTION

London Stock Exchange is consulting on proposed changes to the AIM Rules for Companies which apply to investing companies and to AIM companies that undertake a fundamental change of business, together with consequential changes required to the AIM Note for Investing Companies.

The proposed changes to the AIM Rules for Companies and AIM Note for Investing Companies are attached to this notice and are available at [www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-notices.htm](http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-notices.htm)

#### 2. AMENDMENTS TO THE AIM RULES FOR COMPANIES

(i) Admission criteria for investing companies

Pursuant to rule 8, an applicant seeking admission as an investing company must currently raise £3 million in cash via an equity fundraising on, or immediately before, admission. The fundraising requirement was introduced in 2005 and was set at such a level to necessitate external, often institutional participation, ensuring an extra level of scrutiny over the investment policy, the experience of the applicant's directors and the company's valuation on admission.

Given the passage of time we consider it appropriate to increase that fundraising threshold. It is therefore proposed that the fundraising requirement in rule 8 should increase to £6 million.

(ii) Fundamental change of business

Currently an AIM company which becomes a cash shell following a fundamental disposal is deemed to be an investing company under rule 15. The AIM company must obtain shareholder approval for the disposal and its proposed investing policy



---

# AIM NOTICE

Date

## AIM NOTICE 42

and will then have twelve months to either implement the investing policy or make an acquisition or acquisitions which constitute a reverse takeover under rule 14. If the AIM company does not do either within the prescribed period, trading in the its AIM securities are suspended.

The purpose of this rule is to enable AIM companies, where appropriate, to continue to access the benefits of the market following a fundamental disposal. However, currently, following such a disposal some companies remain on market with limited cash balances which may not be sufficient to enable meaningful investment(s) or facilitate the functioning of a fair and orderly market in the company's securities.

Accordingly, we propose instead that an AIM company that becomes a cash shell following a fundamental disposal will no longer automatically be classified as an investing company but will instead be regarded as an AIM Rule 15 cash shell. Within six months of becoming an AIM Rule 15 cash shell, the company must undertake an acquisition or acquisitions which constitute a reverse takeover under rule 14. For the purposes of this rule only, becoming an investing company pursuant to rule 8 (including the associated raising of funds as specified in rule 8) will be treated as a reverse takeover and the provisions of rule 14 will apply including the requirement to publish an admission document.

Where, within six months, an AIM Rule 15 cash shell has not completed a reverse takeover as set out above, trading in the AIM company's securities would be suspended.

Where an AIM company did not wish to undertake a reverse takeover, we would expect it to get shareholder approval to cancel its admission to AIM in accordance with rule 41, and consider how best to return any remaining funds to shareholders.

### 3. RESPONDING TO THE CONSULTATION

We welcome comments and feedback from all AIM companies, nominated advisers and other market participants on the proposals contained in this AIM Notice.

If you are an AIM company wishing to understand further the implications of this notice, please contact your nominated adviser.

Responses on this consultation should be sent on or before **Thursday 12 November 2015** by email to: [aimnotices@lseg.com](mailto:aimnotices@lseg.com)

The Exchange will confirm the results of this consultation as soon as reasonably practical following the end of the consultation period.

**Nilam Statham**  
**Head of AIM Regulation**