



**London**  
Stock Exchange

**AIM Rules for Companies - EXTRACT**

**Consultation Document (under AIM Notice 42)  
15 October 2015**

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

## Investing companies

8. Where the **applicant** is an **investing company**, a condition of its **admission** is that it raises a minimum of £~~36~~ million in cash via an equity fundraising on, or immediately before, **admission**.

An **investing company** must state and follow an **investing policy**.

An **investing company** must seek the prior consent of its **shareholders** in a general meeting for any material change to its **investing policy**.

Where an **investing company** has not substantially implemented its **investing policy** within eighteen months of **admission**, it should seek the consent of its **shareholders** for its **investing policy** at its next annual general meeting and on an annual basis thereafter, until such time that its **investing policy** has been substantially implemented.

## Fundamental changes of business

15. Any disposal by an **AIM company** which, when aggregated with any other disposal(s) over the previous twelve months, exceeds 75% in any of the **class tests**, is deemed to be a disposal resulting in a fundamental change of business and must be:
- ◆ conditional on the consent of its **shareholders** being given in general meeting;
  - ◆ **notified** without delay disclosing the information specified by **Schedule Four** and insofar as it is with a **related party**, the additional information required by rule 13; and
  - ◆ accompanied by the publication of a circular containing details of the disposal and any proposed change in business together with the information specified above and convening the general meeting.

### Divestment or Cessation

- ◆ ~~Where the effect of the proposed a disposal is to divest the **AIM company** of all, or substantially all, of its trading business, activities or assets the AIM company will, upon completion of the disposal, be treated as an investing company. The notification and circular containing the information specified by Schedule Four convening the general meeting must also state its investing policy to be followed going forward which must also be approved by shareholders; and/or-~~

~~The **AIM company** will then have to make an acquisition or acquisitions which constitute a reverse takeover under rule 14 or otherwise implement the **investing policy** approved at the general meeting to the satisfaction of the **Exchange** within twelve months of becoming an **investing company**.~~

- ◆ ~~Where an **AIM company** proposes to take any other action, the effect of which is that it will cease to own, control or conduct all, or substantially all, of its existing trading business, activities or assets (including the cessation of all, or substantially all, of the AIM company's business), the above requirements to **notify** the action, publish a circular setting out its **investing policy** going forward, obtain **shareholder** consent for that **investing policy** and implement it within twelve months of taking such action, will apply. Shareholder consent for the action itself will not be required. (in which case such action should be notified without delay and include all relevant information that shareholders may require).~~

upon completion of the disposal or action, the **AIM company** will be regarded as an **AIM Rule 15 cash shell**.

Within six months of becoming an **AIM Rule 15 cash shell**, the **AIM company** must make an acquisition or acquisitions which constitutes 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 an **AIM company** became an **investing company** prior to [date of new rules coming in to effect], the requirements of rule 15 set out in AIM Rules for Companies (May 2014) will continue to apply. Accordingly, if such a company does not make an acquisition or acquisitions which constitutes a reverse takeover under rule 14 or otherwise fails to implement its **investing policy** to the satisfaction of the **Exchange** within twelve months of becoming an **investing company** in accordance with that rule, the **Exchange** will suspend trading in the **AIM securities** pursuant to rule 40.

# Glossary

The following terms have the following meanings when used in these rules unless the context otherwise requires.

AIM Rule 15 cash shell

An **AIM company** that falls within the 'Divestment or Cessation' section of rule 15

## Part Two – Guidance Notes

### Rule 8: Investing companies

The **investing policy** must be sufficiently precise and detailed so that it is clear, specific and definitive. The **investing policy** must be prominently stated in the **admission document** and any subsequent circular relating to the **investing policy**, for example pursuant to rules 8 ~~or~~ 14 ~~or~~ 15. The **investing policy** should be regularly **notified** and at a minimum should be stated in the **investing company's** annual accounts.

The circular convening a meeting of **shareholders** for the purposes of obtaining consent for a change in **investing policy** should contain adequate information about the current and proposed **investing policy** and the reasons for and expected consequences of any proposed change. It should also contain the information required by paragraph 4.2 of the AIM Note for Investing Companies.

In making the assessment of what constitutes a material change to the published **investing policy**, consideration must be given to the cumulative effect of all the changes made since **shareholder** approval was last obtained for the **investing policy** or, if no such approval has been given, since the date of **admission**. Any material change to the specific points set out in the definition of **investing policy** is likely to constitute a material change requiring **shareholder** consent.

In making the assessment of whether or not an **investing company** has substantially implemented its **investing policy**, the **Exchange** would consider this to mean that the **investing company** has invested:

- ◆ a substantial portion (usually at least in excess of 50%) of all funds available to it , including funds available through agreed debt facilities;
- ◆ in a range of investments; and
- ◆ in accordance with its **investing policy**.

In relation to any requirement to obtain **shareholder** approval of the **investing policy** in these rules, if such **shareholder** approval is not obtained, the **AIM company** would usually be expected to propose amendments to its **investing policy** and seek **shareholder** approval for those amendments, as soon as possible. A resolving action such as the return of funds to **shareholders** should be considered if consent is again not obtained. The **nominated adviser** must keep the **Exchange** informed if such a situation occurs. For the avoidance of doubt, if **shareholder** approval for the change to **investing policy** is not obtained, the company's existing **investing policy** will continue to be effective.

### Rule 15: Fundamental changes of business

The consent of **shareholders** for a disposal ~~or any other action coming within rule 15~~ may not be required where it is as a result of insolvency proceedings. ~~An AIM company must nevertheless seek the consent of shareholders for its proposed investing policy.~~ The **Exchange** should be consulted in advance in such circumstances.

The **nominated adviser** must inform the **Exchange** when an **AIM Company** for which it acts becomes an **investing company**. AIM Rule 15 cash shell or there is a possibility that it has become an AIM Rule 15 cash shell. Where there is any question as to whether an AIM company has become an AIM Rule 15 cash shell or the point at which it becomes an AIM Rule 15 cash shell, the Exchange must be consulted as soon as possible.

Where an AIM Rule 15 cash shell does not intend or wish to undertake a reverse takeover in accordance with rule 15, it should seek to cancel its admission in accordance with rule 41 (in the case of a disposal requiring shareholder consent under this rule, this should most usually

occur concurrently with the **shareholder** approval required for the disposal). In such circumstances, the **AIM company**, taking the advice of its **nominated adviser**, should consider whether funds should concurrently be returned to **shareholders**, seeking the approval of **shareholders** where appropriate or necessary.

Where, within six months, an **AIM Rule 15 cash shell** does not complete a reverse takeover as set out in rule 15, the **Exchange** will suspend trading in the **AIM securities** pursuant to rule 40.

~~Where a company becomes an **investing company** pursuant to rule 15 and such company does not make an acquisition(s) which constitutes a reverse takeover under rule 14, or otherwise fails to implement its **investing policy** within twelve months in accordance with the rule, the **Exchange** will suspend such a company pursuant to rule 40.~~