Cross-Border Listings Guide - London Stock Exchange (AIM)

| Contents |
| --- |
| To generate table of contents, right-click here and select **Update Field.** |

# Quick Summary

## Initial financial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

There are no minimum size or market capitalization requirements, except for "investing companies," which are required to raise at least £6 million (approx. US$7.64 million) in cash via an equity fundraising on or immediately before admission to trading on AIM. All companies must have sufficient working capital for their present requirements (that is, at least 12 months from the date of admission of the shares).

## Other initial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

*Share price.* There is no minimum closing or offering price for shares to be admitted to AIM.

*Distribution.* There is no minimum public float requirement.

*Accounting standards.* For a company incorporated in a European Economic Area (EEA) member state, the accounts must be prepared in accordance with IAS — unless the company is not a parent company, in which case it may prepare its accounts either in accordance with IAS or the accounting and company legislation and regulations applicable to the company in its country of incorporation.

For AIM companies incorporated outside the EEA, the financial information may be presented in accordance with IAS, US GAAP, Canadian GAAP, Australian IFRS or Japanese GAAP. The last three years of historical financial information contained in an AIM company’s Admission Document must be presented in a form consistent with that which will be adopted in the company’s next published annual accounts.

AIM companies incorporated in the UK (including the Channel Islands and the Isle of Man) must use UK IAS.

*Financial statements.* The Admission Document must generally include audited accounts for the last three financial years (or less if the company has been in existence for less than three years) and an audit report in respect of each year.

Operating history. There are no requirements to demonstrate any length of operating history.

*Management continuity*. No specific period of continuity of management is required.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

The following is a fairly typical process and timetable for an admission of the shares of a foreign issuer to AIM.

[Link to Gantt Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/london-aimlisting-process.pdf)

## Corporate governance and reporting

[Last updated: 1 January 2024, unless otherwise noted]

AIM companies must state in their Admission Document and on their website the recognized corporate governance code that the board of directors has decided to apply, how the company complies with that code, and where it departs from its chosen corporate governance code, an explanation of the reasons for doing so.

The Quoted Companies Alliance (QCA) publishes a set of voluntary Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (including AIM companies) which includes 10 corporate governance principles that companies should follow, and step-by-step guidance on how to effectively apply these principles. These principles are drawn from the UK Corporate Governance Code, which gives guidance on:

Board Leadership and Company Purpose.

Division of Responsibilities.

Composition, Succession and Evaluation.

Audit, Risk and Internal Control.

Remuneration.

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

A company seeking a quotation on AIM must pay both initial admission fees and annual fees to the London Stock Exchange. Initial fees are calculated according to market capitalization, and for a company with a market capitalization of £50 million (approximately US$63.66 million) would be £49,920 (approximately US$63,558). Additional shares listed subsequently, which raise at least £1.5 million (approximately US$1.91 million), will require additional payments of between £6,785 (approx. US$8,639) and £81,832 (approx. US$104,189), plus VAT at 20%. Annual fees are calculated according to market capitalization at the close of trading on the last business day of September in the preceding year. A company with a market capitalization of up to £250 million (approximately US$318.30 million) would pay an annual fee of £10,650 (approximately US$13,560). A company with a market capitalization in excess of £250 million would pay increments above that of £41.00 (approximately US$52.20) per million up to a maximum cumulative fee of £110,000 (approximately US$140,052).

# Overview of exchange

## Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

The London Stock Exchange (more commonly referred to as the LSE) operates the following markets:

The Main Market (a UK regulated market) comprising:

The premium listing segment.

The standard listing segment.

The Specialist Fund Segment (SFS).

The High Growth Segment (HGS).

The Sustainable Bond Market (SBM).

London Stock Exchange Stock Connect (The Shanghai-London Stock Connect & the Shenzhen-London Stock Connect).

AIM (formerly known as the Alternative Investment Market) (an exchange regulated market or UK multilateral trading facility (UK MTF)).

The Professional Securities Market (PSM) (an exchange regulated market or UK MTF).

The International Securities Market (ISM) (an exchange regulated market or UK MTF).

This summary relates only to AIM, a designated small and medium-sized enterprises (SME) Growth Market, which is the LSE’s international market for smaller, growing companies from a wide range of countries and sectors. AIM was founded in 1995 and is known for its balanced approach to regulation, which is well-suited to smaller companies. The AIM rules are concise and principles-based. Generally, the business of a non-UK incorporated company seeking a quotation on AIM should be international and not limited to its local market. Certain types of companies, such as natural resources and technology companies, are by their nature international. Other types of companies should at least have international markets or seek to expand internationally.

The principal advantage of an admission to AIM is its balanced regulatory environment, which is designed to meet the needs of smaller and growing companies while offering appropriate investor protection. The entry criteria are tailored to growing companies and, as described in more detail below, there are generally no minimum requirements as to trading record, public float and market capitalization. In addition, under certain circumstances, applicants may not need to have a prospectus approved by the UK Financial Conduct Authority (FCA) to conduct their offering.

Other advantages for a company joining AIM include: access to a diverse and highly knowledgeable  international investor base keen to provide capital to support growing companies; the existence of a large and experienced community of advisers and liquidity providers to help companies join AIM and support them after admission; a market in which companies can use shares as currency, to make acquisitions and grow the business; and the associated visibility and profile raising with customers, suppliers, investors and other stakeholders on an international scale.

The LSE does not make any distinction between primary and secondary listings or quotations in respect of admission to AIM. Companies are admitted to trading on AIM rather than listed.

As of 31 December 2023, the aggregate market capitalization of companies admitted to trading on AIM was approximately £78.96 billion (approximately US$100.53 billion). This represents a decrease of approximately 15.3% since December 2022, when aggregate market capitalization was approximately £93.21 billion (approximately US$118.67 billion). AIM is an international market for smaller and growing companies. Admission to trading on AIM is available to companies from all sectors and from all over the world, and a diverse range of such companies have been admitted to trading.

As of 31 December 2023, there were 753 companies (December 2022: 816) admitted to trading on AIM. Of these, 652 (December 2022: 705) were domestic and 101 (December 2022: 111) foreign. However, some of the domestic companies are UK holding companies of foreign companies with foreign operations formed for the purpose of facilitating AIM admission.

Application will need to be made to the LSE for any proposed admission to trading on AIM. As AIM is not a regulated market for the purposes of the UK Prospectus Regulation, no prospectus will be required to be drawn up or approved by the FCA provided that the admission involves an offer to fewer than 150 persons in the UK where the offer is made (excluding any qualified investors who are essentially professional investors). The FCA is therefore not typically involved in an AIM admission.

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

A company may not be admitted to AIM unless it is appropriate for admission to trading on AIM. An AIM company should usually have a similar structure to a UK plc, and where it is an investing company, must be a closed-end fund and not require a restricted investor base. An AIM company should not be complex in terms of structure and securities and should issue primarily ordinary shares (or the equivalent). Subject to this, there are no jurisdictions of incorporation or industries that would not be acceptable for an AIM company. There is also no difference in financial requirements between a foreign company and a domestic company and, as discussed above, AIM does not distinguish between a primary and secondary admission to trading. There are no minimum size or market capitalization requirements except for investing companies (as described in section 6 below). There are no ongoing financial requirements a company must meet after the initial admission to maintain admission to trading on AIM.

There are no requirements to demonstrate a particular length of trading history, time in operation or track record. Nor are there any ownership requirements relating to large stockholdings or holders of a particular nationality. However, it should be noted that admission to AIM is at the LSE's discretion and no applicant has the right to its securities being admitted to trading on AIM notwithstanding the fact that it meets the requirements of the AIM Rules.

*Corporate governance.* For its securities to be admitted to trading on AIM, a company must state in its Admission Document and on its website the recognized corporate governance code that the board of directors has decided to apply, how the company complies with that code, and where it departs from its chosen corporate governance code, an explanation of the reasons for doing so. For more details, please see section 5 below.

*Nomads.* All companies applying for admission to AIM must appoint and retain, at all times, a nominated adviser (Nomad). Nomads are corporate finance firms, accountants or brokers. They must be approved by the LSE. The register of approved Nomads is available on the LSE’s website at [*http://www.londonstockexchange.com/exchange/companies-and-advisors/aim/for-companies/nomad-search.html*](http://www.londonstockexchange.com/exchange/companies-and-advisors/aim/for-companies/nomad-search.html). In relation to any application for admission to AIM, a Nomad must submit an early notification form to the LSE as soon as reasonably practicable. The form requires, among other matters, certain general information about the applicant's business, shares, directors and shareholders. Irrespective of the requirement for early notification, where the circumstances of the applicant could affect its appropriateness for AIM, the Nomad is expected to have early discussions with the LSE ahead of the application submission. The Nomad is required to consider a non-exhaustive list of factors, including the applicant's rationale for seeking admission, its business model and business operations, as well as any formal criticism of the applicant or any of its directors by a regulator, government or other bodies, These factors either on their own or when combined with others may impact an applicant’s appropriateness for admission to AIM.

Further, the Nomad is required to confirm that:

The directors of the company seeking admission to AIM have been advised as to the nature of the company’s obligations under the AIM Rules for Companies (the AIM Rules).

The company and its securities are appropriate to be admitted to AIM having made due and careful enquiry.

All of the requirements of the AIM Rules for Companies and the AIM Rules for Nominated Advisers (including those requiring information to be disclosed in the Admission Document/pre-admission announcement) have been complied with and will continue to be complied with.

*Brokers*. An AIM company must also appoint and at all times retain an AIM broker. This broker may be the same entity as the Nomad and will be responsible for facilitating dealings in the company’s shares. The broker is required to use its best endeavors to match buy and sell orders for the company's shares, if there is no other broker who has committed to do so.

*Interviews; minimums*. There is no requirement for an applicant company to conduct interviews with the AIM team at the LSE as part of the admission process. Neither is there any requirement for foreign companies to have or maintain a minimum number of security holders or a minimum trading price for their securities. There is also no requirement to have a minimum public float at the time of admission or from time to time after admission.

*Lock-in*. The AIM Rules provide that where an applicant’s main activity is a business which has not been independent and earning revenue for at least two years, it must ensure that all related parties and applicable employees as at the date of admission agree not to dispose of any interest in its securities for one year from the admission of its securities. This is commonly referred to as the lock-in. Underwriters will also typically require that directors and any major shareholders agree to a lock-in and orderly market restrictions. Related parties include directors and also shareholders who hold any legal or beneficial interest directly or indirectly in 10% or more of any class of AIM security or 10% or more of the voting rights of an AIM company, and their respective family members. Applicable employees include those, together with their family, with a holding or interest, directly or indirectly, in 0.5% or more of any class of AIM security. There are no other requirements for any shares to be placed into escrow (or otherwise be restrained from being traded, such as through lock-in or lock-up arrangements) in connection with the admission.

*Currency; settlement*. There are no restrictions on the currency denomination of securities. There is no requirement for securities to be settled within a particular clearing system or registered with a particular share transfer agent. However, all shares admitted must be capable of electronic settlement. Typically, shares are settled through the CREST electronic settlement system (CREST) operated by Euroclear UK and Ireland. Only the shares of companies incorporated in the United Kingdom, the Republic of Ireland, Jersey, Guernsey and the Isle of Man are eligible for direct participation in CREST. Companies incorporated in other jurisdictions therefore usually establish a depository arrangement with a UK bank or other provider which will issue depository interests representing the company’s underlying shares as depository interests are eligible for settlement within CREST. Depository interests are a settlement mechanism and are not the same as depositary receipts.

*Other requirements*. There is no requirement for an AIM company to retain a compliance adviser, other than a Nomad (as described above).

The shares for which admission to trading on AIM is sought must be freely transferable, except where either:

In a particular jurisdiction, statute or regulation places restrictions upon transferability.

The company is seeking to limit the number of shareholders domiciled in a particular country to ensure that it does not become subject to statute or regulation in that jurisdiction and AIM accepts this.

There are no significant further admission or maintenance requirements applicable to a foreign company not described above.

The requirements described in this section 2 do not vary from what would be expected of a domestic company, save in relation to settlement in CREST, as described above.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 January 2024, unless otherwise noted]

The company will need to prepare an Admission Document (similar in form to a prospectus and containing, among other things, the information described below) to be sent to investors, assuming the admission to trading does not constitute an offer to the public requiring the publication of a prospectus (as discussed in section 1 above). The LSE will need to receive basic information about the company, including details of its directors, significant shareholders and the shares to be admitted.

Prior to admission of the company’s securities to trading on AIM, the company must publish an Admission Document containing the information required by the AIM Rules. The function of the Admission Document is to convey to its recipients factual information about the business, management and shares of the company. Typically, the Admission Document will contain information on the history and background of the company, details of its business and assets, information on the markets it operates in, financial information (including a short form report on the audited accounts of the company for the last three years), information on directors and the company’s current trading and prospects and information on corporate governance, taxation and settlement arrangements.

The Admission Document must include details of all persons responsible for the information contained within it. In the case of natural persons, the Admission Document must indicate the name and function of the relevant person, and in the case of legal persons, the name and registered office must be provided. In addition, there must be included in the document a declaration by the persons responsible for the Admission Document (including the directors) that, having taken all reasonable care to ensure that such is the case, the information contained in the Admission Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

In particular, the Admission Document must contain:

Audited accounts for the last three financial years (or less, if the company has been in existence for less than three years) and an audit report in respect of each year.

A statement that the company has sufficient working capital for its present requirements (at least twelve months from the date of admission).

The name of any person who has received from the company within the previous twelve months, or entered into contractual arrangements to receive, any fees, securities or other benefits with a value of £10,000 (approximately US$12,732) or more.

Details of any lock-ins (please see section 2 above for more details).

Details of any significant shareholders (defined as any person holding 3% or more in any class of AIM security, including by way of a position in a financial instrument).

Certain specific information in relation to each director.

Details of the corporate governance code that the board of directors has decided to apply, how the company complies with that code, and where it departs from its chosen corporate governance code, an explanation of the reasons for doing so.

For a company incorporated in the UK or the EEA, the financial information must be presented in accordance with International Accounting Standards (EU IAS) unless the company is not a parent company, in which case it may prepare such financial information either in accordance with IAS or the accounting and company legislation and regulations applicable to the company in its country of incorporation.

For AIM companies incorporated outside the EEA, the financial information may be presented in accordance with IAS, US Generally Accepted Accounting Principles (US GAAP), Canadian Generally Accepted Accounting Principles (Canadian GAAP), Australian International Financial Reporting Standards (Australian IFRS) or Japanese Generally Accepted Accounting Principles (Japanese GAAP). The last three years of historical financial information must be presented in a form consistent with that which will be adopted in the company’s next published annual accounts.

AIM companies incorporated in the UK (including the Channel Islands and the Isle of Man) must use UK-adopted International Accounting Standards (UK IAS).

The Admission Document must also contain any other information that the company reasonably considers necessary to enable investors to form a full understanding of:

The assets and liabilities, financial position, profits and losses and prospects of the applicant and its securities for which admission is being sought.

The rights attaching to those securities.

Any other matter contained in the Admission Document.

No regulatory review of the Admission Document is required.

Typical process and timetable for the admission to trading of a foreign company on AIM

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/london-aimlisting-doc-and-proc.pdf)

The documentation and process requirements described in this section do not vary from what would be expected of a domestic company, except as described above with reference to financial information. However, a Nomad will typically undertake a more extensive due diligence process for foreign companies to ensure that they are appropriate for admission to AIM.

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

All issuers with securities admitted to trading on a UK MTF need to comply with Regulation 596/2014 of the European Parliament and of the Council on market abuse, as applied in the UK pursuant to the European Union (Withdrawal) Act 2018 (as amended), and as supplemented by the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) (UK MAR). AIM is an MTF and AIM companies must therefore comply with the provisions of UK MAR as well as the AIM Rules for Companies. AIM companies are subject to a dual regulatory regime and compliance with one set of rules does not ensure compliance with the other, even though there is considerable overlap between the two sets of rules. AIM Regulation enforces the AIM Rules for Companies and the FCA enforces UK MAR. It is expected that AIM Regulation and the FCA will cooperate in enforcing the respective sets of rules.

*AIM rules for companies*

General disclosure of price sensitive information. An AIM company must issue notification without delay of any new developments which are not public knowledge which, if made public, would be likely to lead to a significant movement in the price of its AIM securities. By way of example, this may include matters concerning a change in:

Its financial condition.

Its sphere of activity.

The performance of its business.

Its expectation of its performance.

Information that would be likely to lead to a significant movement in the price of an AIM company’s securities includes, but is not limited to, information which is of a kind which a reasonable investor would be likely to use as part of the basis of his or her investment decisions. There are some limited exceptions to the announcement obligations for impending developments or matters in the course of negotiation. An AIM company is permitted to disclose such information in confidence to various categories of persons (such as advisers or employees involved in the development or matter and transaction counterparties) provided the recipients are made aware of the requirement to refrain from dealing upon receipt of the information and who are bound by a duty of confidentiality. In addition, the AIM company must ensure that it has in place effective procedures and controls designed to ensure the confidentiality of such information in order to minimize the risk of a leak.

Deliberate or reckless failure to comply with these disclosure obligations would constitute a breach of the AIM Rules and may constitute an offence under the Financial Services and Markets Act 2000 (FSMA), insider dealing or market abuse laws.

*Other disclosure requirements*. An AIM company must also publicly disclose, among other things:

Certain information relating to directors’ and their family members’ holdings and dealings in the company’s shares or related financial products.

Details of any proposed substantial transactions.

Details of any proposed transactions to be undertaken with related parties (widely defined to include directors, recent directors, 10% shareholders and associates of any of them) of a significant size.

Details of any transaction classified as a reverse takeover (broadly, a transaction which would lead to a fundamental change in the business, or in board or voting control, of the company), which transaction must be conditional upon shareholder approval.

Details of any disposals resulting in a fundamental change of business, which disposal must be conditional upon shareholder approval.

Any changes passing through a percentage point, so far as is known to the company, to any person’s holding of 3% or more of the company’s shares (excluding any treasury shares).

Changes in the board of directors, to the company’s legal name or the registered office of the company.

Any change in accounting reference date.

Any material change between actual trading performance or financial condition and any public forecast, projection or estimate.

Any change in the Nomad or broker.

The reason for an application for admission or cancellation of any shares of a class admitted to AIM.

The occurrence and number of shares taken into and out of treasury.

Any change in the website address at which certain information (including that listed below) must be made available.

Certain information relating to dividends on shares admitted to trading on AIM.

*Website*. From the date of its AIM admission, an AIM company must maintain a website on which certain information, including the following, is available free of charge:

A description of its business (including its investing policy and details of any investment manager and/or key personnel if the AIM company is an investing company).

Its country of incorporation and main country of operations.

Its current constitutional documents (such as its by-laws or articles of association).

Details of any other exchanges or trading platforms on which the company has applied or agreed to have any of its securities (including its AIM securities) admitted or traded.

The number of AIM securities in issue (noting any held as treasury shares) and, insofar as it is aware, the percentage of AIM securities that is not in public hands together with the identity and percentage holdings of its significant shareholders. This information should be updated at least every six months and the website should include the date on which this information was last updated.

Details of any restrictions on the transfer of the company’s securities.

The annual accounts published for the last three years or since admission, whichever is the lesser, and all half-yearly, quarterly or similar reports published since the last annual accounts, and from 3 January 2018 the annual accounts published (on or after that date) and all half-yearly, quarterly or similar reports published (on or after that date) must be posted and maintained on the web site for a period of at least five years.

All notifications the company has made in the past 12 months. The company must also post and maintain on its website for a period of at least five years all inside information it is required to disclose publically by UK MAR on or after 3 January 2018.

Its most recent Admission Document together with any circulars or similar publications sent to shareholders within the past 12 months and for a period of at least five years any prospectus it has published on or after 3 January 2018.

Details of a recognized corporate governance code that that the board of directors has decided to apply, how the company complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so. This information must be reviewed annually and the website should include the date on which this information was last reviewed.

The names of its directors and brief biographical details of each.

A description of the responsibilities of the members of the board of directors and details of any committees of the board of directors and their responsibilities.

Where the company is not incorporated in the United Kingdom, a statement that the rights of shareholders may be different from the rights of shareholders in a UK incorporated company.

Whether it is subject to the UK City Code on Takeovers and Mergers or any other similar legislation or code in its country of incorporation or operation, or any other similar provisions it has voluntarily adopted.

Details of its Nomad and other key advisers.

*United Kingdom Market Abuse Regulation*

*Inside information*. An AIM company is subject to a continuous disclosure requirement designed to prevent the creation of a false market in the company’s securities. The company will be required to publicly disclose any inside information that directly concerns the company.

Broadly, inside information is information which:

Is of a precise nature (meaning it indicates a set of circumstances which exist or may reasonably be expected to come into existence and is specific enough to make conclusions as to the possible effect on price).

Relates, directly or indirectly, to one or more companies or to one or more financial instruments.

Has not been made public.

Would be likely to have a significant effect on the price of those financial instruments.

In determining the likely price significance of information, an AIM company should assess whether the information in question would be likely to be used by a reasonable investor as part of the basis of his or her investment decisions and would therefore be likely to have a non-trivial effect on the price of the company’s financial instruments.

When inside information is disclosed, the company must make the information available on its website by the close of the business day following its release and keep it there for a period of at least five years. Where a public disclosure includes inside information, the company must clearly identify that the information communicated is inside information (usually satisfied by including a prominent legend to that effect), the identity of the person making the public disclosure; and the date and time of the public disclosure.

*Delay of disclosure of inside information*. An AIM company may delay the disclosure of inside information in certain circumstances. This is permissible where a company is faced with an unexpected and significant event, in which case a short delay may be acceptable if necessary to clarify the situation. In such circumstances, a holding announcement should be released if there is a danger of the inside information leaking out before the facts and their impact can be confirmed. In addition, in circumstances where the issuer considers that immediate disclosure of inside information is likely to prejudice the issuer’s legitimate interests, an issuer may delay the disclosure provided that to do so would not be likely to mislead the public and the issuer is able to ensure the confidentiality of the information. Where an AIM company delays the disclosure of inside information, it must inform the FCA that disclosure of the information was delayed immediately after the information is disclosed to the public. The FCA may request that the issuer provides a written explanation of how the conditions outlined above were met.

*Insider lists*. In order to control access to inside information, AIM companies and any person acting on their behalf or on their account are required to each draw up and maintain a list of persons who have access to inside information. Insider lists must be prepared in accordance with a prescribed template identifying each person having access to inside information and be updated promptly to reflect new people gaining, or existing insiders ceasing to have, access to inside information. Insider lists must be kept for a period of at least five years from being drawn up or updated and must be provided to the FCA upon request. AIM companies must also ensure that every person on an insider list acknowledges their obligations under the insider dealing and market abuse legislation and is aware of the sanctions that might be imposed for breaches of such legislation.

*PDMR reporting*. Directors, other senior managers and persons closely associated with them, including spouses, children, relatives sharing their household and certain controlled entities (directors and other senior managers, together, known as PDMRs) must notify the AIM company and the relevant regulator (commonly, the FCA) of the occurrence of all transactions conducted on their own account relating to the shares or debt instruments of the company or to derivatives or other financial instruments linked thereto. Notification must be made in a prescribed format and within three business days of the day on which the transaction occurred. The company must also publicly disclose this information within two working days of receiving notification of a transaction from the PDMR.

*PDMR trading restrictions*. PDMRs of AIM companies must not conduct transactions on their own account (or for the account of a third party) relating to the shares or debt instruments of the AIM company or to derivatives or other financial instruments linked to such shares or debt instruments during any closed period. A closed period is a period of 30 calendar days before the announcement of the annual or interim financial results or any period where there exists any matter which constitutes "inside information" in relation to the company. A transaction is widely defined to include not only acquisitions, disposals, short sales, subscriptions and exchanges, but also gifts, donations and inheritances. These restrictions are in addition to the statutory prohibitions on insider dealing and market abuse which are discussed at the end of this section 4.

*Market soundings*. If an AIM company wishes to conduct a market sounding, that is, communicate information (especially where this includes inside information) to one or more potential investors prior to the announcement of a transaction in order to gauge their interest in a possible transaction and the conditions relating to it (such as its potential size or pricing), the company must comply with certain disclosure and record-keeping requirements if it wishes to take advantage of a safe harbor permitting the disclosure of inside information during a market sounding.

*Financial statements*

An AIM company must publish annual audited accounts, which must be sent to shareholders without delay and, in any event, not later than six months after the end of the financial period to which they relate.

*EEA companies*. An AIM company incorporated in an EEA country must prepare and present its annual accounts in accordance with IAS. If an AIM company is not a parent company at the end of the relevant financial period, it can, alternatively, prepare and present its annual accounts in accordance with the accounting and company legislation and regulations applicable in its country of incorporation.

*Non-EEA companies*. For an AIM company incorporated in a non-EEA country, the annual accounts must be prepared and presented in accordance with one of: IAS, US GAAP, Canadian GAAP, Australian IFRS or Japanese GAAP. As stated above, the last three years of historical financial information contained in an AIM company’s Admission Document must be presented in a form consistent to that which will be adopted in the company’s next published annual accounts.

AIM companies incorporated in the UK (including the Channel Islands and the Isle of Man) must use UK IAS.

*Related party disclosure*. The annual accounts must disclose:

Any transaction with a related party (whether or not previously disclosed), above a certain size, specifying the identity of the related party and the consideration for the transaction.

Details of the remuneration of each director of the AIM company.

*Half-yearly report*. An AIM company must prepare a half-yearly report for the six-month period from the end of the financial period for which financial information has been disclosed in its Admission Document and at least every subsequent six months thereafter (apart from the final six month period preceding its accounting reference date for its annual audited accounts). As a minimum, the half-yearly report must include a balance sheet, an income statement and a cash flow statement. It also must contain comparative figures for the corresponding period in the preceding financial year (apart from the balance sheet which may contain comparative figures from the last balance sheet notified). The information must be presented and prepared in a form consistent with that which will be adopted in the annual accounts. Half-yearly reports must be published without delay and, in any event, not later than three months after the end of the relevant period.

*Regulatory Information Service*. Public disclosure for London listed/traded companies (including AIM companies) is typically made through a Regulatory Information Service (RIS). These organizations receive announcements from issuers and then disseminate the full text of these to secondary information providers such as Bloomberg and Reuters. Disclosure to a RIS that is a primary information provider (PIP) approved by the FCA will fulfill a company’s requirement for public disclosure. In some circumstances, a listed/traded company is also obliged to make information available on its website (such as inside information, its annual report and results of shareholder meetings; please also see requirements for AIM companies discussed above). All AIM companies with securities admitted to trading on AIM are required to have a Legal Entity Identifier or LEI (a unique 20-character reference code identifying the company).

*Systems, procedures and controls.* The systems, procedures and controls an AIM company puts in place should take into account the use of social media and other forms of electronic communication used by the company in order to manage its disclosure obligations under the AIM Rules. Communication policies should be considered in a meaningful way, taking into account the needs of the particular company, including whether the company has a clear policy on the use of social media and how effective this policy is in practice.

*Insider dealing*

The Criminal Justice Act 1993 provides that it is a criminal offense for an individual who has inside information, and has that information as an insider, to deal in securities on the LSE or another regulated market (which includes AIM), or through a professional intermediary. For an offense to be committed, the individual must know that the information is inside information and he/she must have knowingly acquired it from an inside source. There are also offenses of encouraging dealing and disclosure by persons who have inside information.

For these purposes, inside information is, broadly speaking, specific or precise unpublished information relating to a particular issuer or particular securities which, if made public, would have a significant effect on the price of any securities. It should be noted that a director who knowingly has inside information about their company, or any other company with which their company has dealings, would be an insider for the purposes of the insider dealing legislation.

The penalty for an offense under the Criminal Justice Act 1993 is an unlimited fine or imprisonment for a maximum of ten years. There are a number of defenses, but it should be noted that these are normally restrictively interpreted and the burden of proof lies with the defendant.

*Market abuse*

The civil prohibition on market abuse is contained in UK MAR. UK MAR works in tandem with the criminal sanctions against insider dealing and market manipulation. Broadly speaking, market abuse under UK MAR consists of insider dealing, unlawful disclosure of inside information and market manipulation in relation to financial instruments admitted to trading on a regulated market.

Insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information is also considered to be insider dealing. Recommending or inducing another person to engage in insider dealing may also constitute insider dealing.

Unlawful disclosure of inside information arises where a person possesses inside information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties.

Market manipulation comprises various specified activities which have the effect of misleading and/or distorting the market for financial instruments or benchmarks.

In addition, the FCA have published a set of provisions called MAR 1.3 which give guidance to assist in establishing what type of conduct would be permitted and what type of conduct would be prohibited as market abuse for the purposes of UK MAR.

Under the FSMA, the FCA, as regulator of the financial markets, can impose unlimited fines, public censure, a temporary or permanent prohibition on an individual holding certain positions in an investment firm, a temporary prohibition on an individual acquiring or disposing of financial instruments and/or other penalties for engaging in market abuse. The FCA also has the power to require a company to publish specified information or a specified statement in certain circumstances, including where the company has published false or misleading information or given a false or misleading impression to the public. The FCA may institute proceedings not only for direct engagement in market abuse but also for acts or omissions which require or encourage another to engage in behavior which would constitute market abuse if engaged in by the person who encouraged the other.

It should be noted that proof of intent to engage in market abuse is not required: it is sufficient that the behavior satisfies the criteria for market abuse.

# Corporate governance

## Corporate governance

[Last updated: 1 January 2024, unless otherwise noted]

For its securities to be admitted to trading on AIM, a company must state in its Admission Document and on its website the recognized corporate governance code that the board of directors has decided to apply, how the company complies with that code, and where it departs from its chosen corporate governance code, an explanation of the reasons for doing so. The Quoted Companies Alliance (QCA) publishes a set of voluntary Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (including AIM companies), the latest of which was published in November 2023 to replace the April 2018 version in respect of accounting periods commencing on or after 1 April 2024 (the QCA Code). The QCA Code includes 10 corporate governance principles that companies should follow, and step-by-step guidance on how to effectively apply these principles. The principles are indirectly based on parts of the UK Corporate Governance Code with which Main Market premium-listed companies are required to comply or explain and justify their reasons for non-compliance.

The UK Corporate Governance Code consists of principles of good governance, most of which have their own set of more detailed provisions which amplify the principles. The principles deal with the following areas:

Board Leadership and Company Purpose.

Division of Responsibilities.

Composition, Succession and Evaluation.

Audit, Risk and Internal Control.

Remuneration.

The Pensions and Lifetime Savings Association (PLSA) (formerly the National Association of Pension Funds) also published a set of Corporate Governance and Voting Guidelines for Smaller Quoted Companies in December 2012, updated in December 2015. These Guidelines are also broadly based on the principles of the UK Corporate Governance Code.

# Specific situations

## Specific situations

[Last updated: 1 January 2024, unless otherwise noted]

There are no additional requirements, or any changes in the normal requirements, that apply to very large multinational companies or smaller companies.

*Investing companies*. Investing companies are subject to additional admission and maintenance requirements set out in further rules and guidance issued by the AIM team at the LSE. An investing company is defined as any AIM company which has as its primary business or objective, the investing of its funds in securities, businesses or assets of any description. Such companies are required to raise at least £6 million (approximately US$7.64 million) in cash via an equity fundraising on or immediately before admission to trading on AIM. In addition, an investing company must state and follow an investing policy. If the investing company has not substantially implemented its investing policy within 18 months of admission, it must seek the consent of shareholders for its investing policy at its next annual general meeting and subsequent annual general meetings until the policy has been substantially implemented.

*Oil, gas and natural resources*. Oil, gas and natural resource companies are required to adhere to specific further rules and guidance issued by the AIM team at the LSE. The most significant requirement is that their Admission Document contain an independently produced report by a competent person into the assets and liabilities of the company (such as an expert's report). The AIM Rules describe the minimum qualifications and experience required of the author of such a report.

*Fast track admission procedure*. A fast-track admission procedure is available for companies already listed on an AIM Designated Market. The current AIM Designated Markets are any UK or EEA Regulated Market or SME Growth Market and registered in accordance with the relevant laws and top tier markets of the Australian Securities Exchange, Johannesburg Stock Exchange, Nasdaq, NYSE, SIX Swiss Exchange, TMX Group and the UKLA Official List.

This fast-track route is available to any company which has had its securities traded on the top tier or main board of a Designated Market for at least 18 months prior to the date of admission to AIM. It enables the company to seek admission to AIM without needing to produce an Admission Document. Instead, the company must comply with the early notification requirement and produce a pre-admission announcement at least 20 clear business days prior to the proposed date of admission containing:

Certain specified information (such as settlement arrangements and details of any lock-ins).

The address of a website containing the company’s latest published annual report and accounts (prepared in accordance with accounting standards currently acceptable under the AIM rules) which must have a financial year end not more than nine months prior to admission (otherwise interim accounts will be required).

Confirmation that the company has adhered to the legal and regulatory requirements of the relevant AIM Designated Market.

To the extent that this previously publicly disclosed information does not provide equivalent information to that required in an Admission Document, further disclosure in the pre-admission announcement will be necessary.

If the company is admitted to a UK or EU regulated market or a SME Growth Market only, it must also have a market capitalization of at least £20 million (approximately US$25.46 million) upon admission to AIM and have its admission documentation on its home market and all disclosure required under the UK MAR or EU MAR (as applicable) published in English.

Any company seeking an admission through the fast-track procedure is still required to retain a Nomad at all times. The Nomad is required to confirm that:

The directors have been advised as to the nature of their obligations under the AIM Rules.

The company and its securities are appropriate to be admitted to AIM.

The Nomad has carried out due and careful enquiry to ensure that the information required by the AIM Rules is disclosed in the announcement.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 January 2024, unless otherwise noted]

There is no requirement for foreign companies that are admitted to trading on AIM to maintain a presence in the United Kingdom, save the appointment and retention of a Nomad as described above. There is no requirement for any corporate records to be kept in the United Kingdom.

# Fees

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

As there is only one type of AIM admission, there is no difference between fees payable for admissions and secondary admissions. All fees below are quoted excluding VAT.

*Initial admission*

The LSE charges fees on admission through a formula based on the market capitalization of the company on the day of admission. For example, a company with a market capitalization of £50 million (approximately US$63.66 million) would pay fees on admission of £49,920 (approximately US$63,558). A company with a market capitalization of £750 million (approximately US$1.01 billion) would pay fees on admission of £155,000 (approximately US$197,346).

The LSE calculates market capitalization for these fees with reference to the number of shares for which application is being made and the opening price on the day of admission.

For further issues raising at least £1.5 million (approximately US$1.91 million), an admission fee is charged based on the value of the new securities admitted, starting at £6,785 (approximately US$8,639) and rising to a maximum fee of £81,832 (approximately US$104,189), plus VAT at 20%. No admission fee is payable by AIM companies for further issues where the capital raised is less than £1.5 million.

*Ongoing fees*

The LSE charges annual fees through a formula based on the market capitalization of the company at the close of trading on the last business day of September in the preceding year. For example, a company with a market capitalization of up to £250 million (approximately US$318.30 million) would pay an annual fee of £10,650 (approximately US$13,560). A company with a market capitalization in excess of £250 million would pay increments above that of £41.00 (approximately US$52.20) per million up to a maximum cumulative fee of £110,000 (approximately US$140,052).

# Additional Information

## Additional Information

[Last updated: 1 January 2024, unless otherwise noted]

All information and materials submitted to the AIM team at the LSE or disclosed to the market in London must be in the English language.

*Key differences in requirements for domestic companies*

The key differences in requirements between domestic and foreign companies seeking AIM admission relate to financial statements and settlement.

An AIM company incorporated in the United Kingdom must present its financial information in accordance with UK IAS.

All shares admitted to AIM must be capable of electronic settlement. One of the main differences for a company incorporated in the United Kingdom trading its shares on AIM compared to a non-UK company is that a UK company’s shares (as well as the shares of a company incorporated in the Republic of Ireland, Jersey, Guernsey, or the Isle of Man) are eligible for direct participation in CREST, the UK electronic settlement system. By contrast, companies incorporated in other jurisdictions need to establish a depository arrangement with a UK bank or other provider which will issue depository interests representing the company’s underlying shares as depository interests are eligible for settlement within CREST. The UK bank or other provider will typically charge fees for: (i) setting up the depository interest structure; (ii) annual maintenance; and (iii) each transaction in the company’s shares. Depository interests are a settlement mechanism and are not the same as depositary receipts.

# Contacts

## Contacts within Baker McKenzie

Nick Bryans, Adam Farlow, George Marshall, Megan Schellinger and James Thompson in the London office are the most appropriate contacts within Baker McKenzie for inquiries about prospective AIM admissions.

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