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

Principal listing and maintenance requirements and procedures

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# 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.

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