



The City of London Law Society



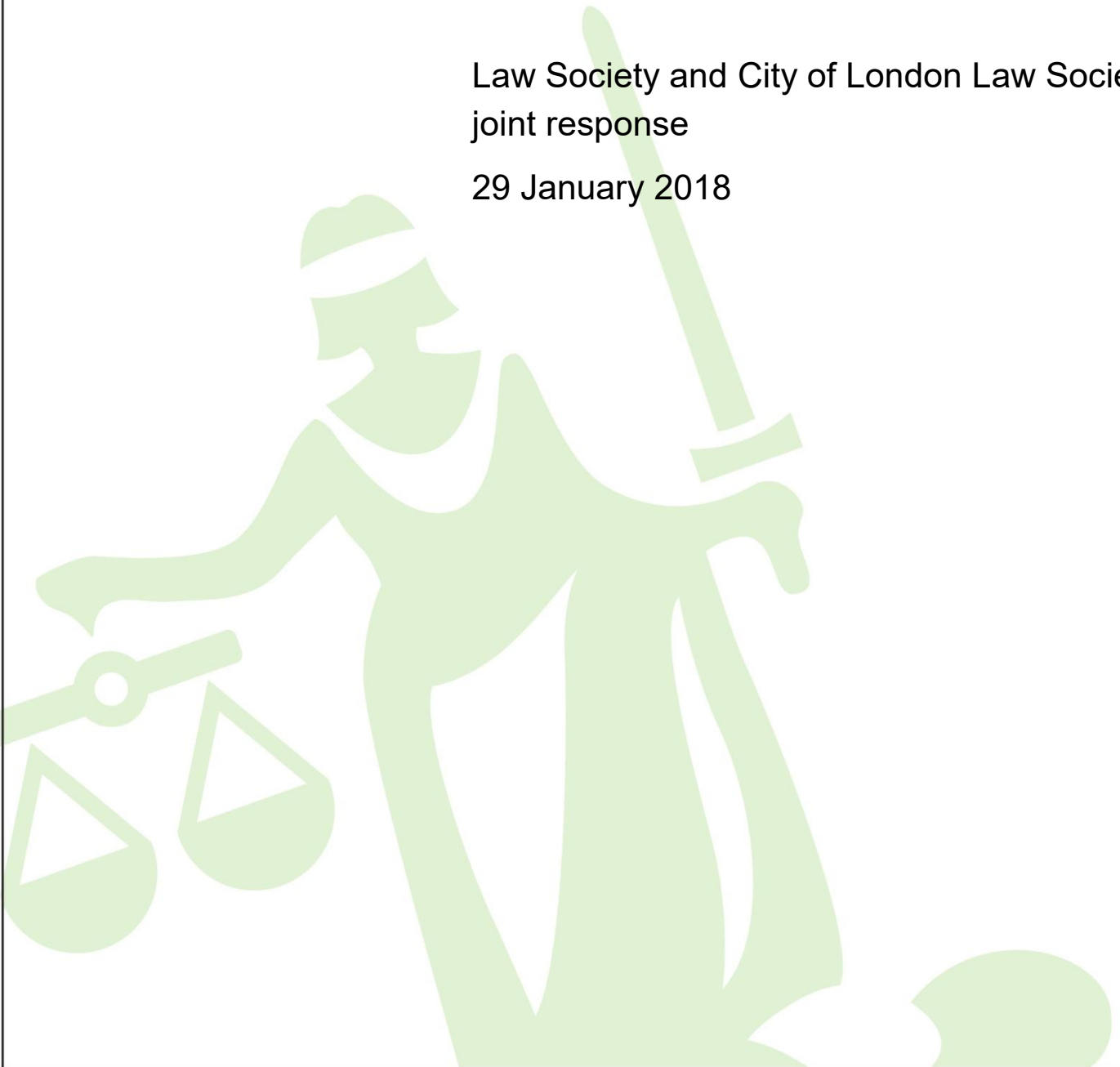
The Law Society

London Stock Exchange

Consultation: AIM Rules Review

Law Society and City of London Law Society
joint response

29 January 2018



Introduction

1. The views set out in this paper have been prepared by a Joint Working Party of the Company Law Committees of the City of London Law Society (**CLLS**) and the Law Society of England and Wales (the **Law Society**).
2. The CLLS represents approximately 17,000 City lawyers through individual and corporate membership, including some of the largest international law firms in the world. These law firms advise a variety of clients from multinational companies and financial institutions to Government departments, often in relation to complex, multijurisdictional legal issues. The CLLS responds to a variety of consultations on issues of importance to its members through its 19 specialist committees.
3. The Law Society is the professional body for solicitors in England and Wales, representing over 160,000 registered legal practitioners. It represents the profession to Parliament, Government and regulatory bodies in both the domestic and European arena and has a public interest in the reform of the law.
4. The Joint Working Party is made up of senior and specialist corporate lawyers from both the CLLS and the Law Society who have a particular focus on issues relating to capital markets.
5. We refer to the proposed amendments to the AIM Rules for Companies and AIM Rules for Nominated Advisers announced in the LSE's Feedback Statement and AIM Rules consultation (December 2017).

Response

6. We refer to the proposed change to AIM Rule 26 which requires that an AIM company discloses on its website the recognised corporate governance code that the board has decided to apply, how the company complies with that code and, if it departs from certain provisions, an explanation of why they have chosen to do so.
7. In paragraph 4.2 of the LSE's feedback statement, the LSE states that there will be no requirement for an annual update of this disclosure. Instead, companies will be required to keep the disclosure up-to-date and the website should note the last date on which it was updated. However, as currently framed, this is a more onerous requirement than is imposed on premium listed companies. We suspect that this is not the intention but the natural interpretation of the proposed change would require AIM companies to monitor their compliance with the relevant code continuously and update their website whenever there is a departure from the provisions; whereas premium-listed companies are only required to disclose how they have complied with, or departed from, the UK corporate governance code in their annual report for the relevant financial period.
8. We suggest that a more proportionate approach would be for AIM Rule 26 to provide that, following the initial disclosure of the corporate governance code that the AIM company has decided to adopt, an AIM company must disclose how they have complied with with, or departed from, that code in respect of any financial period for which audited accounts have been published. This would make the disclosure obligation equivalent to that for premium-listed companies.
9. In respect of the other proposed changes to the AIM Rules for Companies and AIM Rules for Nominated Advisers, we do not have any comments to raise.

FOR FURTHER INFORMATION PLEASE CONTACT:

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