

LSE PUBLISHES JUNE 2009 VERSION OF THE AIM RULES AND RELATED DOCUMENTS

On 1 June 2009, the LSE published the June 2009 version of the AIM Rules, with amendments to the AIM Rules in relation to investing companies, together with:

- A new AIM Note for Investing Companies (IC Note).
- A revised AIM Note for Mining and Oil & Gas Companies (Resources Note).

The June 2009 versions of the AIM Rules, IC Note and Resources Note took immediate effect subject to a small number of transitional provisions for existing investing companies.

An investing company is now 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". The IC Note highlights that an investing company "does not include an AIM company which is a holding company or "topco" for a trading business, but it does include entities such as cash shells blank cheque companies and special purpose acquisition companies".

June 2009 version of AIM Rules

The June 2009 version of the AIM Rules amends the AIM Rules in relation to investing companies and introduces a new AIM Note for Investing Companies.

Investing companies are required to have an "investing policy", in relation to asset allocation and risk diversification, which should be precise and detailed so that the company's investment parameters are clear to investors and used as the basis for investment unless shareholders otherwise agree.

The investing policy must contain as a minimum:

- assets or company in which it can invest;
- the means or strategy by which the investing policy will be achieved;
- whether such investments will be active or passive and, if applicable, the length of time that investments are likely to be held;
- how widely it will spread its investments and its maximum exposure limits, if applicable;
- its policy in relation to gearing and cross-holdings, if applicable;
- details of investing restrictions, if applicable; and
- the nature of returns it will seek to deliver to shareholders and, if applicable, how long it can exist before making an investment and/or before to return funds to shareholders.

Shareholder approval will be required for any material changes to the investing policy. Where an investing company has not substantially implemented its investing policies within 18 months of admission, it must seek the consent of its shareholders of 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. According to the AIM Rules 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 accordance with its investing policy.

The investing policy should be regularly notified and at a minimum should be stated in the investing company's annual accounts. Existing investing companies will be expected to

update their existing strategy so that it meets the investing policy requirements as soon as possible, obtaining shareholder approval if required at the next available opportunity.

AIM Note for Investing Companies

The IC Note is a new note which forms part of the AIM Rules, which seeks to provide more tailored rules for companies of this type on AIM, and deals with Appropriateness for AIM, Admission Document requirements, and interpretation of relevant AIM Rules.

AIM Note for Mining and Oil & Gas Companies

Previously known as the Guidance Note for Mining, Oil & Gas Companies, the Resources Note remains a part of the AIM Rules. The note has been updated without substantive changes being made.

Transitional provisions for existing investing companies

Section 5 of AIM Notice 33 sets out the transitional provisions applicable to existing investing companies:

Investing policy

The June 2009 AIM Rules require investing companies to publish a detailed investing policy. This may require existing companies to update their policies. Such changes must be made "as soon as practically possible, and in any event within six months of the date of this Notice [1 June 2009]".

However, shareholder approval will not be required pursuant to AIM Rule 8, "for any changes to the investing policy that arise solely as a result of these rule changes, unless the revisions are considered to materially change the overall objective and risk profile of the existing strategy".

Investment manager

Where an AIM investing company does not comply with the requirements of paragraph 3.3 (independence) of the IC Note, this information must be notified. Where an AIM investing company has not previously disclosed the information required by paragraph 4.2 (disclosures on admission) of the IC Note, this should also be notified.

Both these notifications, if required, should be made within three months of 1 June 2009.