



# Listing on AIM

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STEPHENSON HARWOOD

- International commercial law firm
- Around 120 partners
- 9 offices in Asia and Europe
  - 5 in Asia
- In Asia since 1979
- Total staff > 650
- Total lawyers > 400
- Turnover > GBP 110m



# Stephenson Harwood & Malaysia



- **Framework**
- **Nomad's Role**
- **AIM Rules**
  - New Applicants
  - Disclosure
  - Corporate Transactions
  - Housekeeping
  - Results
  - Director Dealings
  - Miscellaneous
- **Market Comparison**
  - Listing Requirements
  - Continuing Obligations



- AIM is an “Exchange Regulated Market”
- Unique self regulatory concept
- London Stock Exchange (“LSE”) delegates responsibility for compliance to designated Nominated Adviser firms (“NOMADs”)
- “Lighter touch” regulatory regime does not mean “soft touch”
- Latest rules issued in February 2010: codified previous best practice and thereby lifted NOMAD performance
- AIM issue “Inside AIM” publication periodically

# AIM: Nomad's Role

- Owe a duty to the London Stock Exchange
- Ensure suitability and provide confidence for investors
- Act as the interface between AIM Regulation and the Company
- Advise and guide on AIM Rules for Companies
- Maintain regular contact
- Ensure the market is properly informed
- Act with due skill and care at all times



# AIM Rules 1-9: New Applicants

## Rule 1

- Must appoint and retain a NOMAD at all times.
- No NOMAD = immediate suspension and compulsory de-listing after 1 month.

## Rules 2-6

- Procedural and other matters for joining AIM or seeking admission of shares to AIM (10 day announcement; 3 day application; admission documents; content of announcements / documents).

## Rules 7-9

- Special conditions for certain types of companies joining AIM (new businesses; investing companies).

# AIM Rules 10-23: Disclosure

- Most important day-to-day practical area of the Rules
- AIM is a “disclosure-based market”
- Principles based with some specific requirements
- If in doubt, disclose BUT please note the Regulatory News Service (“RNS”) is not a marketing channel





# AIM Rules 10-23: Disclosure

## Rule 10

- Must notify the market FIRST.
- Maintain a regulatory information service (e.g. RNS).
- Ensure announcements are accurate & complete. Recent fines for breaches.

## Rule 11

- Announce without delay price-sensitive information relating to:
  - Change in financial condition
  - Change in activity
  - Change in performance (actual or expected)

## Rules 12-16

- Corporate transactions:
  - Substantial; related party; reverse takeovers; disposals = fundamental change in business; and aggregation
  - Inter-related with Schedule 3 (Class Tests) & Schedule 4 (disclosure in announcements)

# AIM Rules 12-16: Corporate Transactions

## **Substantial (Rule 12)**

- Exceeds 10% in any class test
- Generally NOT ordinary course of business or capital raising

## **Related Party (Rule 13)**

- Any transaction WHATSOEVER with a related party which exceeds 5% in any class test

## **RTO (Rule 14)**

- Exceeds 100% in any class test; or
- Results in fundamental change in business, board or voting control, or change in strategy for an investing company

## **Disposals (Rule 15)**

- Results in a fundamental change in business (75%+ in class tests or which result in a fundamental change in business)

## **Aggregation (Rule 16)**

- Connected (same counterparty / company) or
- New business

# AIM Rules 17: Housekeeping

**Sets out SPECIFIC requirements to disclose WITHOUT DELAY:**

- **Director dealings (ANY dealings whatsoever including granting of share options)**
- **Change to significant shareholder holdings**
- **Director changes**
- **Changes in accounting reference date**
- **Change in registered address**
- **Change in company name**
- **Change in performance (actual or expected) or variance from forecast**
- **Dividends**
- **Admission/cancellation of shares**
- **Movements in treasury stock**
- **Change of NOMAD or Broker**
- **Change of website address**
- **Change of director details**
- **Admission/cancellation of any other listing**



# AIM Rules 18-20: Results

- **Interims**
  - **Must report at 6 monthly intervals**
  - **Must be announced within 3 months of period end**
  - **Include balance sheet, P&L, cash flow and comparatives**
  - **No need to circulate to shareholders other than through announcement**
- **Annual**
  - **Audited accounts to be sent to shareholders without delay and no later than 6 months after period end**
  - **Disclose all related party transactions if 25%+**
  - **Details of directors remuneration in that year**
  - **Electronic copy to AIM and website**
- **Rule 20**
  - **Any document provided to shareholders must go on website and be sent to AIM**

# AIM Rule 21: Director Dealing

- **Applies to directors, their family & applicable employees (someone in possession of price sensitive information or who holds >0.5% shares)**
- **DO NOT deal in a Close Period:**
  - **2 months prior to publication of results or, if shorter, from the period end until that date**
  - **Whenever in possession of price sensitive information**
- **Dealing includes the Company buying in shares or buying / selling treasury shares**



# AIM Rule 21: Director Dealing

- **Director/applicable employee dealing includes:**
  - **Granting/exercising options**
  - **Deals between insiders**
  - **Off-market deals**
  - **Transfers for nil consideration**
  - **Transfers to/from SIPPs**
  - **Dealing in related products**
- **To be notified WITHOUT DELAY**



# AIM Rules 22-31: Miscellaneous

## Rules 22 & 23

- Give AIM power to require information/disclosure

## Rules 24 & 25

- Relate to corporate action timetables

## Rule 26

- Obligation to maintain a website with specific information

## Rules 27-30

- Further issues of shares/admission documents

## Rule 31

- Specifies AIM Company's & directors' responsibilities for compliance with the AIM Rules
- AIM Companies must:
  - Have sufficient procedures, resources, controls
  - Seek advice from/provide information to its NOMAD
  - Ensure directors take responsibility

# AIM Rules 32-39: Miscellaneous

- Rules 32-39 require:
  - Shares to be freely transferable
  - All to be admitted
  - Companies to retain a Broker
  - Shares to be eligible for electronic settlement
  - Companies to provide AIM with contact details



# AIM Rules 40-45: Miscellaneous

## Rule 40

- Gives AIM the right to suspend for the following:
  - Disorderly trading
  - Breach of AIM Rules
  - Protection of investors
  - Market reputation
- Companies are still bound by the AIM Rules when suspended

## Rule 41

- Sets out process for cancellation of listing:
- 20 business days' notice / 75% shareholder vote
  - Suspended for six months
  - No NOMAD for one month

## Rules 42-45

- Deals with sanctions & appeals

# Market Comparison: Listing Requirements



Issuer segment	Premium Listing	Standard Listing		Standard Listing	unlisted
	Equity Shares	Shares	Depository Receipts	Depository Receipts	Shares
Securities category					
Regulatory status	Regulated and Listed			Listed	Exchange regulated and unlisted
Listing rules	Listing Rules (Ch6)	Listing Rules (Ch14)	Listing Rules (Ch18)	Listing Rules (Ch4)	AIM Rules
Admission documents	Prospectus (PD Annex I,II, III)		Prospectus (PD Annex X)		Admission Documents (AIM Rules)
Financial Accounts	3 years of audited accounts	3 years of audited accounts <sup>1</sup>			3 years or shorter period admissible (AIM Rules)
Accounting Standards	IFRS or equivalent (US, Japan, China, Canada, India, South Korea)			Local GAAP	IFRS
Free float	25% <sup>2</sup>	25% <sup>2</sup>	25% <sup>2</sup>	25% <sup>2</sup>	No minimum requirement
Admission and Disclosure Standards	✓	✓	✓	✓	✓
Sponsor	✓	x	x	x	x
Working capital statement	✓ (unqualified)	✓	x	x	✓

# Market Comparison: Continuing Obligations



<i>issuer segment</i>	Premium Listing	Standard Listing		Standard Listing	Unlisted
<i>securities category</i>	Equity Shares	Shares	Depository Receipts	Depository Receipts	Shares
<b>UK Code on Corporate Governance (Combined Code)</b>	Mandatory for UK & O/S issuers	x	x	x	x
<b>Model Code</b>	Yes	x	x	x	x
<b>Pre-emption rights</b>	Yes	x	x	x	x
<b>Half Yearly Report</b>	2 months after the period end		x	x	4 months after the period end
<b>Interim Management Statement</b>	✓	✓	x	x	x
<b>Major Shareholder Notification</b>	✓	✓	No (unless underlying on reg.market)		✓
<b>Annual Report</b>	4 months after FY ends			6 months after FY ends	6 months after FY ends
<b>Notifications by PDMR</b>	✓	✓	✓	x	✓
<b>Annual Information Update</b>	✓	✓	✓	x	x
<b>Dissemination of regulated info. via RIS</b>	✓	✓	✓	✓	✓
<b>Inside information</b>	Price sensitive information to be disclosed immediately				

# Our Recent AIM Experience



**RADIANT GROWTH  
INVESTMENTS LIMITED**



**TOD CREATION  
INVESTMENTS  
LIMITED**



**Sorbic  
International Plc**



**Asian  
Plantations**

**SOUND OIL plc**



**CHINA FOOD COMPANY PLC**



**ASEANA  
PROPERTIES  
LIMITED**

**GEONG**

**MOBILITYONE**  
TECHNOLOGY INNOVATION IN ONE



**中科天元  
ChinaNewEnergy**



**Plant Offshore Group Ltd**

# Our Recent Accolades

**Islamic Finance news**  
The World's Global Islamic Finance News Provider

**LEADING  
LAWYERS  
2011**

Jane's  
**TRANSPORT**  
**2010** **FINANCE**  
Gala Awards



asiaLaw  
**LEADING LAWYERS**



gar100 2011



**DealMakers**  
LAW AWARDS 2011



**Airfinance  
Journal**  
**2010  
Deal of the Year  
PDP Financing**

# Our team



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He has over 15 years experience of providing strategic advice to public and private companies across Europe and Asia on a range of matters including IPOs, joint ventures, corporate restructurings, mergers and acquisitions and private equity and venture capital deals. Matthew has built up considerable expertise in advising companies, international financial institutions and intermediaries on capital markets transactions.



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Peter has spent over 30 years as a lawyer and corporate advisor in the markets of South East Asia and India. Peter's forte is in facilitating foreign investment in the above markets, assisting clients in negotiating, structuring and implementing entry and exit strategies and also assisting in such other corporate advisory activities such as mergers and acquisitions.



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Helen has over 11 years experience of advising public and private companies across Asia and Europe on mergers and acquisitions, joint ventures, corporate restructurings and capital raising, gained primarily whilst in private practice in Singapore, London and Germany. This is complemented by extensive commercial experience, gained primarily as in-house counsel and a member of the management team of a multinational pharmaceutical company.



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Joel's principal expertise lies in mergers and acquisitions, joint ventures, corporate restructurings, and initial public offerings, and he has advised on a wide range of corporate and commercial matters for private as well as public companies.



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Emma has a broad corporate finance background, with particular experience in capital markets and public company work. She has previously acted for both listed and unlisted companies and corporate finance intermediaries.

# **Thank you**

## Questions & Answers