Response to the LSE's Consultation Paper – Proposed Amendments to the AIM Rules for Companies and AIM Disciplinary Procedures and Appeals Handbook – Shaping the future of AIM

2 July 2026

Introduction

1. The views set out in this response 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 21,000 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 22 specialist committees.

3. The Law Society is the professional body for solicitors in England and Wales, representing over 170,000 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 equity capital markets.

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1. **Reducing unnecessary burdens relating to admission**

Removing Working Capital Statement

We agree in principle with the proposal to remove the working capital statement and welcome a more discursive presentation. In the view of the Joint Working Party, the wording of the proposed rule raises the question of the level of due diligence Nomads would require of the future forecast funding needs and the level of comfort that the reporting accountants would be prepared to provide. The proposal in Schedule 2, Part 1, (c), (iv) requires the directors' reasonable opinion of the applicant's future fundraising needs for the next 12 months and any risk factors affecting that opinion. We think that in addition, it would be helpful for the requirement to set out the key assumptions affecting that opinion. Our view is that Nomads will require more clarity as to what is expected of them. In practice, we think that it is likely that many Nomads will continue to want a working capital report to be produced to support a statement in this form. It would therefore be useful for the LSE to provide guidance for Nomads setting out its expectations, including the level of comfort that Nomads can and should expect to receive from the reporting accountants in this respect.

Expanding Accepted Accounting Standards

We agree with the proposal to expand accepted Accounting Standards in the way proposed.

Permitting Incorporation by Reference

We agree with the proposal to allow incorporation by reference of information that is publicly available, provided that the information is securely available in one location, such as on an AIM company's own website. In our view, such information should be stored securely as a pdf or other file which is not moveable or changeable. Members expressed some concern that, as currently drafted, the proposals appear to allow *any* information to be incorporated by reference, whereas the Main Market rules prescribe the nature and format of the information that may be incorporated by reference (PRM Rules 5.1.1R and 5.1.2R). Please can we clarify whether that was the LSE's intention in framing the proposed rule.

AIM Rule 7 - Lock-Ins

We agree with the proposal but would welcome clarity on the reason behind the proposed new exemptions set out in the Schedule 2 Guidance to AIM Rule 7. We include further drafting comments in a later section of this response – see Additional comments.

No AIM Admission Document for a Second Line of Securities

We agree with the proposal to dispense with the requirement for an Admission Document to be published for a second line of securities, which reflects the current Main Market listing requirements.

2. **Easier Fundraisings and Enabling Retail Participation - Capital Access Window**

We appreciate that certain AIM companies are subject to wide investor distribution (including, in smaller AIM companies, individuals with meaningful holdings) and this can sometimes frustrate their ability to carry out fundraisings and/or corporate transactions. We support AIM's intention to reduce market volatility as well as increase retail participation in fundraisings.

However, and as stated under the proposed amended AIM Rule 40, we note that during a suspension of trading in an AIM company's securities during a capital access window, an AIM company will still be subject to its disclosure obligations under MAR and AIM Rule 11.

Therefore, the LSE should clarify that:

(a) a notification by an AIM company commencing a capital access window should contain sufficient information to cleanse the market of any inside information that the AIM company holds at that time and may be required to be disclosed to (potential) investors in connection with the fundraising and/or corporate transaction. We would anticipate that this announcement would contain, as a minimum, similar information to a leak announcement that an AIM company may be required to release immediately prior to a fundraising and/or corporate transaction. If such information is not required to be announced, then it is unclear to us as to why a suspension is required; and

(b) the "cleansing announcement" to be released at the end of the capital access window should contain any inside information that was not included in the initial announcement and has otherwise arisen during the capital access window and which needs to be cleansed in the market but the disclosure of which was delayed during the capital access window in accordance with MAR.

Further, it is unclear to us how confidential information (and, were a suspension not in place, potentially inside information which could provide an advantage to those in possession of it) should be handled during a capital access window (e.g. pricing of an issue) noting such information would currently be managed by the well-trodden and regulated market soundings practice. We would welcome the opportunity to discuss with you how MAR would apply to an equity capital raise conducted in the context of a capital access window.

As a final point, we think it would be helpful if the LSE could provide further guidance on what is meant by "short duration".

3. Supporting AIM company acquisition activity

(a) Acquisitions

We agree with the proposal that a transaction will not be considered a reverse takeover on the basis that it exceeds 100% in any class test, where there is no fundamental change to the AIM Company's business, board or voting control. We note that the consequence of the proposed amendment would be that a transaction which does represent such a fundamental change, but does not exceed 100% in any class test, would not constitute a reverse takeover. We would welcome clarification from the Exchange as whether that is the intention of the proposed rule. Members agreed that the potential for treatment of a transaction resulting in a fundamental change as a reverse takeover should be preserved in some circumstances, even if the 100% threshold is not met.

We note the materiality qualifier (currently in square brackets) as applied to a change in the strategic direction of the business in the Schedule 2 Guidance to AIM Rule 14. In our view, the materiality test is not required for a change in strategic direction, but should instead be applied to a change in the nature of the business. It would also be useful to understand by way of guidance the circumstances in which an AIM company would be required to obtain shareholder approval.

No automatic suspension on notification of a reverse takeover in contemplation
We agree with the proposal. Members consider it would be useful to understand the nature of the alternative disclosure that the AIM company is required to make for the purposes of Nomad being able to confirm that it is reasonably satisfied with the disclosure, per the Schedule 2 Guidance to AIM Rule 14.

Delay in completion of a reverse takeover – no supplementary AIM admission document
Agreed. We have no objection to the proposal and welcome the clarification.

Option agreements
We assume the proposed guidance on Rule 14 is primarily aimed at circumstances where an AIM company enters into an option agreement (a call option) under which the AIM company alone can decide whether and when to exercise the option and, if it does so, the counterparty will be required to transfer to the AIM company shares in a target company, or a business or asset, and this could result in a fundamental change of business, board or voting control of the AIM company. We suspect such circumstances will be fairly rare.

We agree with the principle that, provided the option is exercisable at the AIM company's sole discretion, the company should not be treated as having a reverse takeover in contemplation at the time the option agreement is entered into (or, presumably, until the option is actually exercised). However, we believe it may be challenging for a company to persuade the Exchange that "the potential exercise of the option is sufficiently remote" because an AIM company is unlikely to enter into such an arrangement unless there is at least some realistic prospect of the company needing or wanting to exercise the option at some point in the future. If the AIM company pays the counterparty a significant amount of money as consideration for the grant of the option, it could be even more difficult to demonstrate that the prospect of exercising the option is "sufficiently remote". We suggest that this requirement could be dropped.

In relation to the third requirement – that "when the option is exercised, it is unlikely to result in a fundamental change of business, board or voting control", we assume this is intended to refer to circumstances where, if the target company or business were to be acquired today, this would result in a fundamental change of business, board or voting control; but at the time the option is in fact exercised it will not do so – presumably because by then the AIM company will have changed in size and/or nature. If this is correct, it may be helpful to make this clearer. In any event, we suggest that this third requirement could also be dropped. This would leave a simple, fairly hard-edged test of whether the option is exercisable at the AIM company's sole discretion: if so, the acquisition would need to be assessed under Rule 14 if and when the option is exercised (against the size and nature of the AIM company at the time of exercise); if not, it would need to be assessed at the time the option is granted (against the size and nature of the AIM company at the time of grant). In the latter case, if this produces a result that is anomalous, the company could apply to the Exchange for a dispensation.

Changes to Class Tests
We agree with the proposals, which we note are largely similar to the current Main Market requirements, other than retention of the Profits test for calculating related party transactions by AIM companies. Members of the Joint Working Party consider it would be useful to understand the reasoning behind retaining this requirement, particularly as the UK Listing Rules abolished the Profits test in its entirety for Main Market listed companies.

(b) Substantial Transactions
The working group agrees with the proposal to increase the substantial transaction threshold to 25% in any class test (currently 10%) which will bring the AIM threshold in line with the Main Market substantial transaction class test.

4. Greater Flexibility to Support Innovative and Growing Companies

AIM Rule 13 (Non-Standard Director Remuneration)
We note that this proposal implements a policy change announced in the November 2025 feedback statement (AIM Notice 60). Accordingly, our focus is on ensuring the new guidance is clear and easy to apply. It is not entirely clear how the new guidance and Rule 13 interact. However, we think the intention is:

(1) If a director's remuneration (or changes to it) exceeds 5% on any class test, then Rule 13 applies.

(2) If a director's remuneration (or changes to it) does not exceed 5% on any class test (even if the remuneration is non-standard), then Rule 13 does not apply. Currently, the guidance states that "non-standard remuneration will be considered a related party transaction" (without reference to satisfying the relevant class tests) and it is unclear whether Rule 13 applies to non-standard remuneration whether or not it exceeds 5% on any class test.

(3) If Rule 13 applies, then:

  (a) any standard remuneration elements need not be detailed in a Rule 13 notification (and there is no requirement for a fair and reasonable opinion from the nominated adviser); and

  (b) any non-standard remuneration elements must be detailed in a Rule 13 notification. However, the nominated adviser need not provide a fair and reasonable opinion if: (i) the nominated adviser is satisfied that the contractual terms provide reasonable commercial protections for the AIM company and those terms are disclosed; or (ii) where the nominated adviser is uncertain (or presumably is not so satisfied) regarding any elements, the AIM company seeks shareholder approval for those elements.

It would be helpful if the final guidance or consultation feedback could confirm or correct this summary.

Point (1): Running the class tests for director remuneration
Rule 13 will only apply if a director's remuneration (or changes to it) exceeds 5% of the company's market capitalisation (as only the consideration test is relevant). When running this test, we think the consideration paid to the director under a new remuneration package should:

- reflect the director's annual remuneration (consistent with the class tests which use annual profits and turnover), provided the company can terminate the director's contract on one year's notice or less. Where the company must give longer notice or has no right to terminate a fixed-term contract early, we think the director's remuneration over that longer period should be used;

- include the maximum payable for all deferred and/or contingent elements (as required by the consideration test), if capable of being determined, other than options or other rights over AIM securities approved by AIM shareholders (which is covered by a new exemption);

- include all standard and non-standard elements (NB: not just the latter); and

- not usually be aggregated with any other director's remuneration (as Rule 16 should not apply).

It would be helpful if the final guidance or consultation feedback could confirm or correct this. Where changes are made to multiple directors' remuneration, Inside AIM 3 (February 2011) indicated these may need to be aggregated: "directors' participation should be aggregated in some situations, for example where there is a related option issued to directors." Is this still the intention?

Point (2): Standard vs. non-standard remuneration
The proposed guidance does not define "standard" remuneration (which falls outside Rule 13)

and “non-standard” remuneration (which is caught by Rule 13). The final guidance or consultation feedback should indicate what factors affect whether remuneration is non-standard. For example:

- Is “standard” assessed by reference to (i) the remuneration of the company’s other directors; (ii) the relevant director’s existing/previous remuneration; or (iii) current market practice (e.g. typical remuneration for directors with similar roles at appropriate comparator firms), including the grant of long-term incentive awards to non-executive directors?

- Standard forms of remuneration should be identified. Inside AIM 3 and the April 2025 consultation paper (AIM Notice 59) indicate bonuses and share options may be non-standard. However, more creative alternatives are not addressed such as large or atypical non-cash benefits, or grants of securities other than AIM shares or options (e.g. warrants, convertibles or special voting shares (issued to a permitted recipient, i.e. a director who already holds some)).

- Is the amount a relevant factor? Some investors may consider it non-standard for any director’s annual remuneration to exceed 5% of the company’s market cap (i.e. be subject to Rule 13).

- Is the time of receipt a relevant factor? E.g. all remuneration paid as base pay (with no deferred or contingent element), remuneration paid in advance, large sign-on bonuses.

Point (3)(b): Reasonable commercial protections
The new guidance does not require the Rule 13 notification to state that the nominated adviser is satisfied that the contractual terms for any non-standard elements of remuneration provide reasonable commercial protections. We presume this omission is intentional.

The guidance says the AIM company “should” (not “must”) seek shareholder approval if the nominated adviser is uncertain whether the terms provide reasonable commercial protection (or presumably if it concludes they do not). Can the AIM company still ask its nominated adviser for a fair and reasonable opinion (as currently) instead of seeking shareholder approval? This is currently unclear.

We suggest adding guidance that nominated advisers can, in assessing whether reasonable commercial protections are in place, take into account whether those protections:

- have been approved by a committee with a majority of independent non-executive directors; or
- are contemplated in any remuneration policy approved by the company’s shareholders.

Regarding the first bullet, companies will no longer be required to “comply or explain” against a corporate governance code (under revised Rule 26 and Schedule Two). This gives AIM companies greater latitude to assign director remuneration to a non-independent committee or the full board. Section 177 of the Companies Act 2006 requires directors of UK companies to declare their interests in proposed transactions with the company but does not stop them voting e.g. on their own remuneration.

Rule 13 – Fundraises which include directors and substantial shareholders
This guidance includes a requirement that “the price is set by a party which is not a related party.” However, the issue price of securities is ultimately set by the company’s board of directors (following a bank-led bookbuilding process or direct negotiations with investors), and directors are related parties.

We recommend amending this requirement to read: “the price is set by (i) directors not participating in the fundraise or (ii) agreement with an investor which is not a related party”. Where all the investors are related parties, then only option (i) would be available. Where all directors participate in a fundraise, then only option (ii) would be available. If all participants are directors and/or investors who are related parties, then the provisions of Rule 13 would apply in the usual manner.

Rule 13 – Other exemptions
We agree with the other exemptions added in the guidance to Rule 13.
For clarity, we recommend amending the final exemption to read: "~~where~~ the granting of an indemnity to a director where this is permitted under Companies Act 2006 (or the equivalent provisions in the AIM company's constitutional documents or applicable law where the AIM company is not incorporated under the Companies Act 2006 or equivalent)".

We note that some of the proposed changes to AIM Rule 13 make AIM more onerous than the equity shares (commercial companies) and closed-ended investment funds categories. The most significant of those are set out below:

(a) (as outlined above) Profits test – the LSE is proposing to retain the profits test for classifying related party transactions (RPTs) even though it will be deleted for classifying substantial transactions.

(b) Changes to the definition of related party – the new definition of related party includes persons who are not caught by UKLR 8, including: (i) PDMRs and their connected parties; (ii) any company where one or more of the directors of that company is also a director of the AIM company, regardless of the degree of influence or ownership that director has in relation to the second company; and (iii) any person which holds a 10% interest or more in an AIM company's subsidiaries and / or assets. We also note that the LSE does not propose changing the definition of a substantial shareholder so it will remain a holder of 10% or more of the AIM securities, whereas the FCA has changed this to 20% for the purposes of UKLR 8.

We acknowledge that, given the size and nature of AIM companies, many of which are founder-led, AIM investors may be particularly sensitive to related party transactions and seek more rigorous protections than those for Main Market companies. However, these proposals do appear to contradict the over-arching principles of the proposals, which is to reduce regulatory burden on AIM companies, particularly by widening the definition of a related party.

Special Voting Shares
We agree with the proposal but note that there is no sunset provision, whereas under the Main Market requirements there is a time restriction of 10 years from the date of listing applicable to weighted voting right shares held by institutional shareholders (UKLR 5.4.5(2)(a)). We would welcome clarification from the LSE whether the intention was there would be no time restriction applied to the special voting shares on AIM.

5. Providing greater agency for AIM Companies

Governance Disclosure

We sympathise with the Exchange's view that "one size does not fit all", and with its intention to allow companies greater freedom to adopt those provisions of a corporate governance code (or codes) that they think are most appropriate for them, and not to have to explain every departure from a chosen code – which we agree can lead to "box ticking" and unnecessary friction between boards and investors. However, we do believe that recognised codes provide a benchmark or model for good governance that can be useful to both companies and investors, and we expect that many AIM companies (particularly larger ones) will want to continue to report against a recognised code (such as the QCA Code). We also expect that Nomads will generally be keen for companies seeking to join AIM to be in substantive compliance with a recognised code at or shortly after admission. We suggest that Rule 26 and the Guidance Notes on it should therefore be re-framed slightly to say: (i) the Exchange encourages AIM companies to follow a recognised corporate governance code and to “comply or explain” against it; (ii) but AIM companies are not required to do so and, if they do not, they must as a minimum disclose the information specified in draft Rule 26. We suggest that the Guidance Notes also say that an AIM company must explain the basis for any judgements or categorisations it is making: for example, when disclosing whether a NED is “independent”, a company should specify the criteria it is using to determine independence.

In relation to the proposed disclosures, these include “Risk and controls framework: details of corporate governance committees and their role and responsibilities”. If the intention is simply to require companies to disclose details of board committees, we suggest this requirement should be re-labelled “Board committees” or similar. However, if the intention is to require companies to disclose details of their wider risk and controls framework, it would be helpful if the rule or guidance notes could specify in more detail what is expected to be disclosed.

Proxies

We welcome the LSE’s proposals on voluntary disclosure of proxy advisor engagement as means of supporting AIM companies through the current challenges posed by proxy advisors. We also agree with the voluntary approach, rather than making it mandatory, as a mandatory regime could place a disproportionate burden on AIM companies, in particular smaller ones. We do not have any comments on the proposed framework of suggested disclosure items.

Third party commentary

Whilst we acknowledge the concerns raised in the Feedback Statement about third party commentary, we do not think these concerns warrant a change to the AIM Rules, as they could be addressed by other means.

The amendment to the introduction to the AIM Rules is intended to highlight to investors that a notification via a Regulatory Information Service is the authoritative source of information relating to that company. Rather than expanding the introduction to the AIM Rules, we consider that this message would be more effectively conveyed through investor education. A targeted educational campaign aimed at investors, led by the LSE and perhaps in conjunction with the FCA, highlighting the risks of relying on unregulated bulletin board and social media content, would in our view have greater practical impact than additional text in the AIM Rules.

The amendments to AIM Rule 26 give AIM companies the voluntary ‘right of reply’ but note that failure to reply should not be construed as acceptance of any such commentary. Companies can already respond to such commentary; nothing in the AIM Rules prevents this. We therefore do not consider that enshrining it in the AIM Rules is helpful for AIM companies, especially as its inclusion could create a de facto expectation to respond, notwithstanding the safeguard commentary in the guidance notes. Instead, we think it would be better to reinforce this message through existing guidance channels, such as a "Dear CEO" style letter issued by AIM Regulation, rather than by amending the AIM Rules themselves.

We note the comment that AIM companies and nomads should consider including more detail in trading updates, rather than simply noting that performance is “in line with expectations”. It is established practice in both the Main Market and AIM that where a company is trading in line with analysts’ expectations, then it is sufficient to simply say so. It would be helpful if AIM Regulation could give more guidance about what it expects in this scenario.

6. Attracting International Companies and ease of transfer for Main Market companies

Express Applicant Admission Route and Dual Market Applicant Admission Route

We welcome the LSE's ambition to make AIM more appealing to international companies, however we have the following observations:

(a) *Main Market Route* - we note that the Main Market route will not be open to companies admitted to the Main Market unless they are admitted to the equity shares (commercial companies) or closed ended investment fund categories of the Official List. We assume that the LSE considers that other companies with a Main Market listing would nevertheless be entitled to apply through the Express Market route so long as they have met the criteria. If this is the intention, it might be helpful to companies to make this clear within the AIM Rules. The LSE may, however, want to consider if it would be appropriate to allow companies admitted to the equity shares (transition) category, equity shares (international commercial companies secondary listing) or equity shares (shell companies) category also to make use of the Main Market route.

(b) *Express Market Route* – we also note that the Express Market route will be available to international companies whose shares are traded on a market which is regulated by a regulatory body which is an IOSCO member provided certain additional eligibility requirements are met, for example, the company's shares must have been traded on the relevant Express Market for at least four years. The reference to a market regulated by an IOSCO member aligns with the approach taken for companies seeking admittance to the equity shares (international commercial companies secondary listing) category of the Official List. However, the difference between admittance to the equity shares (international commercial companies secondary listing) category and AIM under the Express Market route is that Express Market issuers will not need to publish an admission document on admission whereas an FCA-approved prospectus is required on the Main Market. We cannot speak to the eligibility and ongoing requirements that companies on an IOSCO member market are subject to, but we are concerned that standards may not be as high as would be expected of an AIM company being admitted through the conventional route. Whilst, once listed, these companies will be required to comply with the AIM Rules, there must be a risk that there is less high-quality information available to investors at admission. Investor confidence in AIM may be better served by permitting companies listed on only certain exchanges to benefit from the Express Market route.

    In addition, the LSE has proposed reducing the timetable for submission of the Schedule One announcement for applicants to the Express Market route from ten days to three days. Whilst this does make the application process quicker, we would suggest that it contradicts the LSE's proposed new note to Rule 2. This note states that the purpose of the Schedule One announcement is to enable the LSE to gazette a proposed applicant ahead of admission, giving market participants the opportunity to raise any concerns directly with the LSE. Three days does not feel sufficiently long if that is the case.

(c) *Dual Market IPOs* – we note that a company seeking admission to trading on an Express Market will be able to seek admission to trading on AIM at the same time, provided that it is raising at least £6m and is permitted to use the admission document for that other market rather than producing a separate AIM admission document. The document must meet the "informed assessment" test and contain the customary AIM risk wording. There will be no additional specific disclosure requirements placed on the company. Whilst we welcome the flexibility offered by the LSE, we query whether this will give investors the information that they need to make an investment decision as the standards for an admission document in other jurisdictions may be very different from what is expected under the AIM Rules, notwithstanding the addition of the informed assessment test.

7. Leveraging Nominated Adviser Corporate Finance Expertise

Nominated adviser expertise to support AIM company disclosure considerations

We agree with the proposed removal of current AIM Rule 11. We also agree that Nomads are well-placed to advise their AIM company clients on disclosure obligations under Article 17 MAR, as well as the AIM Rules, and that AIM companies should be required to "seek and have due regard to" the view of their Nomad regarding developments and whether an announcement is required. We think the Guidance Notes on Rule 10 or 11 should remind companies that they must comply with Article 17 MAR (as the Guidance Notes on current Rule 11 do).

However, we are concerned that the draft Rules could be read as continuing to apply a separate test for when an announcement is required, based on whether a development is likely to have a "market impact". For example, draft Rule 11 refers to whether a development is likely to have a "market impact", and the draft Guidance Note on Rule 11 includes this:

If the nominated adviser considers that a change or development in relation to the business and/or prospects of an AIM company is likely to have a <u>market impact</u>, but the AIM company determines not to notify the information without delay (and there is no basis to delay disclosure under Article 17(4) of MAR), the AIM company and/or its nominated adviser must inform the Exchange immediately and provide the rationale for that determination.

When providing its view, the nominated adviser is undertaking its obligations owed to the Exchange. Accordingly, the nominated adviser's view on <u>market impact</u> should be considered authoritative, given its specialist public market corporate finance expertise, and the nominated adviser is not required to provide to the AIM company a formal or detailed supporting analysis in support of that view. An AIM company should not seek to prevent or delay its nominated adviser from informing the Exchange in the circumstances described above on the basis that it disagrees with the nominated adviser's assessment of <u>market impact</u>. [emphasis added]

(The amended version of the *AIM Rules for Nomads* similarly refers to "market impact" in a few places.)

We do not object in principle to requiring AIM companies to keep their Nomad updated about developments that could have a market impact, but we think the rules should make clear that the only substantive obligation is to announce inside information in the circumstances required by Article 17 MAR. It follows that most, if not all, of the draft Guidance Note on Rule 11 quoted above should probably be removed.

8. Buyer beware

We note the sentiment that underpins the content of this section in the Introduction to the AIM Rules, but we question whether this is the right place to make this point, as the messaging is targeted at potential investors. In our view, it is unlikely that potential investors would read the AIM Rules for Companies. Members of the working group agreed that it may be more appropriate and have greater practical impact to make this point in a separate market newsletter or other form of targeted educational communication (as we also noted in relation to unregulated bulletin board content in the ***Third party Commentary*** section above).

9. Further proposed amendments and administrative updates

The working group noted the contents and have no objections.

10. Additional comments

We have the following additional comments on the revised Rules and/or Guidance:

Rule 7 – is the expectation that the Nomad will be a party to the lock-in agreements, as a sponsor is typically on the Main Market (by virtue of the lock-in being a schedule to the sponsor agreement)?

Rule 8 - we note that the proposed wording in relation to the investment policy being prominently stated in the admission document is a departure from the previous rule, which required the investment policy to be sufficiently clear and precise, as well as being prominently stated. Is the intention behind this change to make the investment policy less definitive? It would be helpful to understand the LSE's thinking here.

In relation to the Guidance Note on Rule 10, we suggest that a "materiality" qualification should be included – i.e.

Where information has been notified pursuant to these rules, subsequent updates and / or developments to such information should be notified without delay where the update and / or development causes the previously notified information to be misleading, false or deceptive in a material particular.

In relation to new Rule 11, we suggest a small drafting change:

11. An AIM company must:

[…]

— keep its nominated adviser updated on a timely basis in relation to changes and developments that may reasonably be expected to have a material impact to its business and/or prospects

Rule 22(b) (and Nomad Rule 19) - we would expect the wording of this sub-paragraph to allow an AIM company to disclose communications between itself and the Exchange to the extent it is lawfully required to do so by a regulator (other than the Exchange), court of law, or statutory body.

Schedule 2, Part 1, (d) – we note the reference to PRM 8.2.1R which relates to protected forward-looking statements under the prospectus rules which came into force in January 2026. We wish to clarify the reference to this rule in the context of profit estimates. Under the prospectus rules, profit estimates cannot be classified as protected forward-looking statements (PFLS), but profit forecasts and projections could constitute PFLS. If it is the LSE's intention to allow profit estimates to be PFLS, that would represent a departure from the Main Market rules.

Definition of "related party" – we note the proposed introduction of limb (d) in the definition of related party which would result in any other company in which any director of the AIM company is also a director becoming a related party. We consider that this may have significant and unintended consequences given a number of independent non-executive directors may sit on a range of boards of both AIM and Main Market listed companies, where the presence of a single director in common should not create the potential conflicts of interest which are within the intended scope of Rule 13. This could result in potentially a significant number of transactions being subject to Rule 13 due to this overlap (and which are not currently within the Rule 13 regime). We consider that this type of potential conflict is usually addressed by the relevant director abstaining or excusing themselves from the decision-making process at one or both of the listed companies and relying on the conflicts of interest requirements of such companies. We consider that this expansion is unnecessary (as it can be managed in a similar manner under conflicts of interests' provisions) and will result in significant additional costs to AIM companies as they seek to deal with this additional obligation.

Part Two guidance notes

Rule 1 – Nominated adviser – was it intended to delete the wording stating that an AIM company can only retain the services of one nominated adviser at any time?

Rule 13 – under the heading "Other exemptions from rule 13", the grant of options or other rights over AIM securities which have been approved by AIM shareholders have been included, for example, an employee share scheme or a long-term incentive scheme. The AIM rules do not currently require such schemes to be approved, which makes this a strange exemption. We do not think that these schemes should be viewed as "non-standard remuneration", they are very much standard. It would be helpful to clarify the LSE's intention here.

Rule 17 (f) - we note the proposed amended wording under which compliance with the UK Listing Rules in relation to share buy backs would constitute compliance with the Rule 17 "without delay" requirement. Please can the LSE clarify in the guidance what is expected when notifying share buy backs as to both timing and content of those notifications.

Nomad Rule AR3

The rule does not refer to legal due diligence, though we note that during the LSE's initial discussion paper "Shaping the future of AIM" published in April 2025 (page 4), the LSE recognised that the requirement for a legal due diligence has undoubtedly contributed to the overall cost for AIM applicants. Has the LSE considered this further?

We have the following additional typographical comments on the revised Rules and/or Guidance:

- Rule 2 – amend "All applicant's" to "All applicants".
- The first line of the paragraph under (iii) of the guidance note to Rule 7, we suggest should read "Lock-in arrangements are contractual arrangements...".
- Rule 11 – amend in each of the third and fourth bullets "is likely" to "are likely".
- Schedule Two – replace "." with ";"at the end of paragraphs (b)(ii), (c), (d) and (j). This is for consistency with paragraphs (a), (e), (f), (g)(viii), (h)(ii) and (i).
- Schedule Two – add "; and" (and delete ".") at the end of paragraph (k)(iii).
- Glossary – amend the definition of "applicable employee" by adding "; or" (and deleting ".") at the end of paragraph (b).

11. Comments on rule changes made in January 2026

We have some comments on the rule changes made to implement POATR (AIM Notice 61):

- ***Schedule Two***

  Paragraph (a) of Schedule Two requires admission documents to include information equivalent to that required by PRM App 2 Annex 15 other than information specified in paragraph (b)(i). Paragraph (b)(i) disapplies Annex 15 in its entirety. It would be simpler to delete both references to Annex 15.

  We agree with the removal of Rule 11's existing requirements given they overlap with Article 17 of UK MAR. For similar reasons, we recommend deleting paragraph (k) of Schedule Two which largely overlaps with regulation 23 of POATR. This overlap creates complexity for issuers and investors without (in most cases) generating meaningful additional disclosure. Relying on regulation 23 alone would be simpler and more consistent with the disclosure standards applicable to prospectuses (with which issuers and investors are generally familiar).

- ***Glossary***

Annex 1, Annex 8 and Annex 15 – We suggest amending this definition to read: "Annex 1~~,~~ and Annex 8 ~~and Annex 15~~ of App 2 to the FCA's Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (as may be amended from time to time)." No definition of Annex 15 is needed if Schedule Two is amended as suggested above. The definition of Annex 1 is also clearly intended to refer to PRM App 2 Annex 1, not PRM App 1 Annex 1.

Add the following new defined term:

Supplementary admission document – A document produced pursuant to rule 3 which is a supplementary prospectus within the meaning of regulation 21(4) of the **POATRs**.

MAR 5-A.2.7R in the FCA Handbook requires the LSE to include a rule requiring the publication of a supplementary prospectus. Publishing a supplementary prospectus gives rise to withdrawal rights under MAR 5-A.3.2R. A "supplementary prospectus" is defined as "a document whose publication is required by rules made by the operator of a primary MTF… and which is described by those rules as a supplementary prospectus" (paragraph (2) of the definition of "supplementary prospectus" in the Glossary to the FCA Handbook and regulation 21(4)(b) of POATR). Our new definition satisfies the latter requirement. This will satisfy MAR 5-A.2.7R and ensure that publishing a supplementary admission document gives rise to withdrawal rights (as intended – see existing paragraph (m) of Schedule Two).

Our new definition is closely based on the existing definition of "admission document", which reflects a very similar requirement under regulation 21(3) of POATR.