



**Boardroom Advisory**  
a Beyond Governance business



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# OVERVIEW OF AIM LISTING PROCESS



This overview is not intended to be exhaustive and provides a summary of what a company may expect when choosing an Initial Public Offering (IPO), as a means to raise capital and embarking upon the process of seeking admission to AIM.

Since its inception in 1995, AIM, the sub-market of the London Stock Exchange (the “Exchange”), has emerged as one of the most successful growth markets in the world. Some of the key requirements are tabulated below:

Requirement	Aim
Minimum free float	10% - 15% as guidance
Minimum market cap	Nomad assessment of suitability
Audited historical financial information	3 years or shorter period, if applicable
75% of business supported by revenue earning record for the 3 year period	No
Control over majority of assets for the 3 year period	No
Working capital statement	Yes
Sponsor or NOMAD required	Nomad required

The AIM admission process requires commitment from the company and its management and there are several other factors which should be considered from the outset including:

- Additional responsibilities and restrictions placed on directors including restricted time periods for permissible share dealing in the company;
- Control of business: significant acquisitions and other such decisions may require the prior approval of shareholders after admission;
- Impact on management time during the floatation process itself and afterwards in fulfilling the continuing obligations and managing investor relations;
- Increased disclosure and reporting requirements for the company; and
- Investors’ unit size may be limited due to perceptions of reduced liquidity.

Once a company has taken the decision to proceed with seeking admission to AIM the following steps should be taken:





## 1. Advisors

The company will need to appoint the following advisors at the outset:

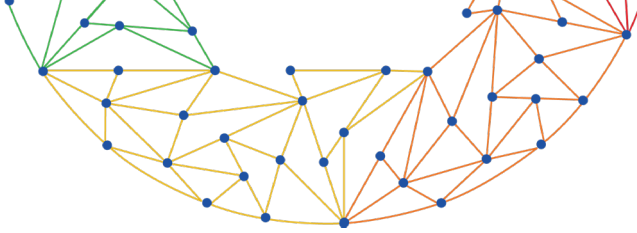
- Nominated Adviser (Nomad) - are corporate finance advisers approved by the Exchange to act in this capacity. They are responsible for guiding a company through compliance with AIM Rules and admission requirements.
- Broker – must be a London Stock Exchange Member Firm. They support the company's financing needs by assessing market conditions and the level of investor interest in the company's shares at the time of admission and advise on its marketing strategy. The broker may be from the same firm as the Nomad if a company chooses to appoint a firm which performs both functions.
- Reporting Accountant – conducts financial due diligence on the company's financial position, financial reporting procedures and working capital and produces a long form report of findings for the Nomad.
- UK Lawyers – conduct legal due diligence and support the drafting of the admission document. They negotiate the terms of the placing agreement.
- Public Relations Firm – assist in raising the company's profile and exposing the company to a diverse range of investors.
- Registrar – administer and maintain the company's register of shareholders once the shares are admitted to listing.



## 2. Eligibility for admission

A company must meet the eligibility requirements as set out in the AIM Rules. The core requirements are set out below and there are additional requirements for different industries.

- Appointment and retention of an Exchange approved Nomad and broker;
- Production of an AIM Admission Document (the regulatory document used for the IPO);
- No minimum market capitalisation;
- No prescribed number of shares to be in public hands is required at floatation;
- Adequate financial reporting procedures; and
- Profit forecast, if appropriate.



## 4. Application procedure and admission to AIM

### Pre-admission announcement

- An applicant's nominated adviser must submit an early notification to the Exchange, in the form prescribed, as soon as reasonably practicable and in any event prior to the submission of any Annexure 1 information.
- An applicant must provide the Exchange, at least ten business days before the expected date of admission to AIM, with the information specified by Annexure 1.
- If there are any changes to such information prior to admission, the applicant must advise the Exchange immediately by supplying details of such changes.
- The Exchange will notify RNS (Regulatory News Service) of information it receives under this rule.

### Application Document

- At least three business days before the expected date of admission, an applicant must submit to the Exchange a completed application form and an electronic version of its Admission Document.
- These must be accompanied by the nominated adviser's declaration required by the AIM Rules for Nominated Advisers.
- The AIM fee will be invoiced to the applicant and should be paid pursuant to the prescribed rule.

### Admission to AIM

- Admission becomes effective only when the Exchange issues a dealing notice to that effect.



## 3. Admission document preparation

Generally, there are four main sections in an Admission Document:

- Information on the company and group (known as “the front end” of the document) which contains key messages and key points of interest such as corporate governance, share option schemes and dividend policy. This is mainly drafted by the company with input from the Nomad;
- Risk factors;
- Financial information and the accountant's reports; and
- Detailed information required under the AIM Rules (known as “the back end” of the document).



## 5. Continuing obligations and financial reporting requirement following AIM listing

- Nomad and broker – An Exchange approved Nomad and broker must be retained at all times under AIM Rules or a company faces suspension from listing;
- Price-sensitive information – An announcement must be made, without delay, of any new developments that are not public knowledge and which, if made public, would be likely to lead to a significant movement in the price of its shares;
- Annual report and accounts
- Half Yearly Reports (unaudited)
- Further equity issues - An admission document will only be required where a prospectus is required under the Prospectus Rules, a new class of securities is to be admitted or the transaction qualifies as a reverse takeover;
- Class tests - There are five tests, each of which results in a percentage used to determine the size of a transaction on AIM. They are known as the 'class tests', and include the following; Gross Assets Test; Profits Test; Turnover Test; Consideration Test; Gross Capital Test;
- Lock-in arrangements
- Website publication of key documents
- Corporate Governance - comply or explain against UK Corporate Governance Code to the extent appropriate to their size and nature, or against QCA Guidelines for Smaller Quoted Companies or their own national corporate governance code. The information is to be updated annually and the date it was last reviewed included on the company's website.



## 6. AIM company and directors' responsibility for compliance

- A company must have in place sufficient procedures, resources and controls to enable it to comply with the AIM Rules;
- seek advice from its nominated adviser regarding its compliance with these rules whenever appropriate and take that advice into account;
- provide its nominated adviser with any information it reasonably requests or requires in order for that nominated adviser to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers, including any proposed changes to the board of directors and provision of draft notifications in advance;
- ensure that each of its directors accepts full responsibility, collectively and individually, for its compliance with these rules; and
- ensure that each director discloses to the AIM company without delay all information which the AIM company needs in order to comply with rules insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

## Contact us

Both pre and post listing, companies will have a plethora of additional governance and company secretarial requirement to consider and navigate. If you're looking to have that burden lifted and need pragmatic practical advice and support that builds efficiency over bureaucracy get in touch.

*\*This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors. For detailed information please contact us.*



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