DISCUSSION PAPER

Shaping the Future of AIM

April 2025

LONDON STOCK EXCHANGE
An LSEG Business

AIM

Contents

Foreword

AIM has, for the past 30 years, been a central feature of UK capital markets, sitting alongside the Main Market providing growing companies with access to capital and liquidity and investors with access to a much broader range of smaller companies than might otherwise be available to them. Whilst AIM has not been immune to the headwinds of recent years, its pre-eminent role as Europe's most active growth market provides us with a strong base upon which to build.

We want to help make the UK the best place for companies to start, grow, scale and stay. That is the central vision of the UK's Capital Markets Industry Taskforce, which I have the honour of chairing. We can only achieve this vision by ensuring that companies in the UK have the support they need – at **every** stage of their growth journey.

That is why we are working to build a seamless funding continuum in the UK which includes a central role for AIM, which I have regularly described as the 'Jewel in the Crown' of London's markets. We are committed to investing in AIM - as a core and deeply embedded market of the London Stock Exchange - and to build upon the community of specialist practitioners who make AIM unique.

The UK must provide a home for companies looking to raise capital. That is true both to ensure we support the growth and resilience of the UK's domestic economy but also for our standing as a global financial centre, where we must be able to service the needs of international companies looking for a competitive market venue. If every time the next great UK company starts here but then needs to seek capital overseas to scale, it may only be a matter of time before it becomes an overseas company. Each time this happens it is a loss to the UK - to job creation, innovation, growth, and to investment. We need to avoid the UK becoming an "incubator economy" that starts and partially scales new companies only to sell to overseas buyers before they can become globally consequential businesses.

That is why we have been working to help unlock more domestic capital investment in the UK – ensuring that initiatives like the Mansion House Compact includes AIM companies, and why we have been actively engaged in recent years to fight for schemes like EIS, VCT, ISA inclusion and greater certainty around Business Relief for AIM shares. It is also why we are working to support retail investors in the UK – ensuring the current reforms enable individuals to invest in AIM IPOs and further offerings more efficiently, and waiving our fees on data, execution and clearing for retail investors.

We are aware of concerns and commentary that the development of PISCES could detract from AIM's role. In our vision for a seamless funding continuum, *the opposite is true*. We begin speaking with companies, often many years before they are even considering an IPO. What we have observed in recent years is that many companies, that would have typically made superb AIM and Main Market IPO candidates, have been sold before they can ever reach that point in order to provide liquidity to founders, early-stage investors and / or employees. PISCES is designed not as a small-cap venue or a primary market, but specifically to relieve the pressure for secondary liquidity, particularly in mid-sized and later stage private businesses. Whilst some

PISCES companies may not choose to IPO, our Private Securities Market built on the proposed PISCES regulatory framework should make it easier for those that do to go public and to do so when the time is right for them.

We also need to rebuild our risk culture in the UK. Since the financial crisis, UK markets have become known for their focus on managing downside risks – often for good reason. But taking an appropriate amount of informed and rewarded risk is an inherent part of well-functioning and liquid capital markets. Whilst the AIM Rules have remained broadly unchanged over recent years, we recognise that market practice has continued to evolve for companies, investors and intermediaries. This has often resulted in additional due diligence, compliance requirements and record keeping. It has resulted in longer AIM admission documents and annual reports. It has undoubtedly contributed to increasing the overall cost of being admitted to AIM. Unfortunately, it has not resulted in a corresponding increase in capital or liquidity being made available to those companies. We need an honest and constructive discussion about how to address this.

We are publishing this discussion paper to provide all stakeholders with the opportunity to provide their feedback on the overall functioning and positioning of AIM along with input into a number of specific proposals for changes to the AIM Rules. We are deliberately asking the big picture questions here and want to hear the honest feedback from all parts of the market. Whilst we are asking some specific questions in this paper, we are also asking some open ones to stimulate the debate. Your input will enable us to continue to shape AIM in a way that best serves its users – the risk-takers, the entrepreneurs and wealth creators who will drive future growth and prosperity, and the investors that enable, and benefit from, the companies driving that growth.

Dame Julia Hoggett, CEO, London Stock Exchange plc

1. Introduction and Background

Introduction

The London Stock Exchange last issued a discussion paper on the development of AIM in July 2017. Since then, the UK capital markets, including AIM, have continued to play an important role in supporting the UK economy, including during the UK's exit from the European Union and through the global COVID-19 pandemic. In that time, the UK's regulatory landscape has also undergone significant change.

53%

AIM is the most active growth market in Europe, and over the last 5 years, 53% of all capital raised on European growth markets has been on AIM.

During this period AIM has remained resilient, raising over £39bn of long-term capital for companies and has continued to be the most active growth market in Europe, responsible for 53% of all capital raised on European Growth Markets over the past 5 years.

Background

The London Stock Exchange is committed to ensuring that the entire funding continuum is seamlessly connected to ensure that companies can start, grow, scale and stay in the UK by accessing capital and liquidity throughout their growth journey. To support this objective, we operate a range of markets designed to cater to the diverse needs, and preferences, of companies and their investors. AIM remains a key component of our market offering for UK and international companies and remains the most successful growth market in the world, seen by many as the benchmark for growth markets globally.

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<u>AIM provides earlier access to investment opportunities</u>

AIM is designed to provide early access to capital for growth and founder-led companies. It enables investors to access growth opportunities through a transparent and well-regulated market at an earlier stage than would otherwise be the case. AIM's innovative model helps to bring together a whole community to support these companies. It continues to support economic development and employment in the UK, enabling companies to fund innovation and create jobs and growth through exports.

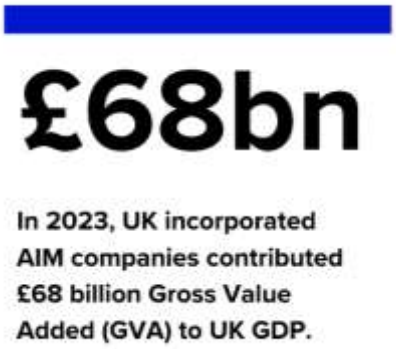
Given the entrepreneurial and often less established nature of such companies, AIM's framework is purposely designed to provide balanced regulation, which recognises both the stage of development and the support such companies need to ensure their long-term success. The nominated adviser model supports founders and management by providing access to the knowledge and the experience of corporate finance advisers, who are

both AIM and sector specialists. Access to such a trusted adviser aids investor confidence and supports the strategic growth of companies admitted to AIM.

Fiscal incentives support AIM's strong economic contribution to the UK

The fiscal incentives including EIS, VCT, ISA inclusion and Business Relief that support investment into AIM companies also reflect the growth company characteristics of typical AIM companies (median market cap of £22m, average market cap of £97m). These incentives seek to ensure that such companies are not faced with undue capital raising hurdles and enable companies to transition to the public market so that they can scale and stay in the UK. In the absence of these measures, investors would be more likely to concentrate their investment in larger more liquid companies, denying growth companies access to equity capital through the public markets.

Recent research by Grant Thornton highlights that in 2023, UK incorporated AIM companies contributed £35.7 billion Gross Value Added (GVA) to UK GDP, directly supported more than 410,000 jobs and made a significant corporation tax contribution of £5.4 billion to the Exchequer. When the further impact of their supply chain expenditure is taken into account, the overall economic impact of UK incorporated AIM companies is equivalent to £68bn GVA and over 778,000 jobs. The contribution of these companies to the UK economy is greater than the UK's combined agriculture, forestry and fishing sectors. Furthermore, over the past 4 years, despite the global pandemic and challenging market conditions, the direct economic contribution made by AIM companies has grown by 6.6%.

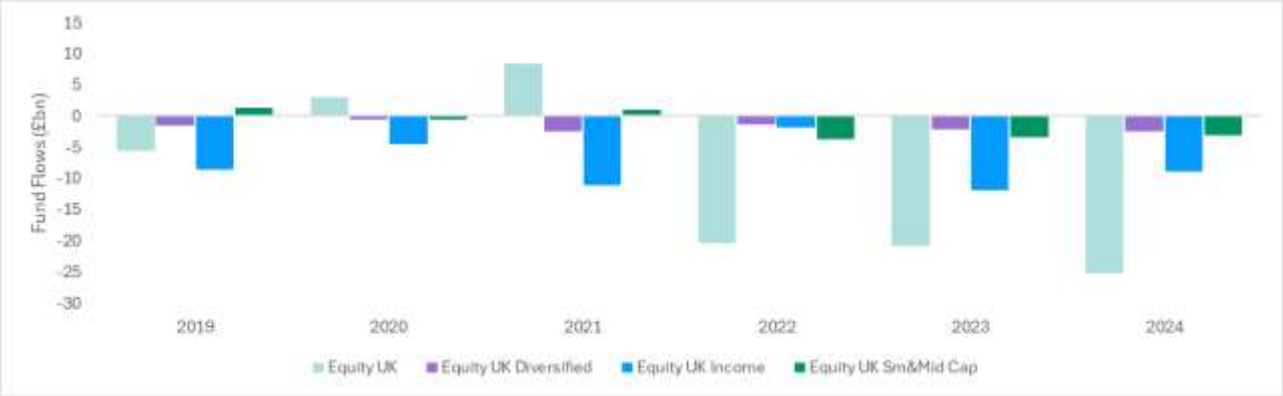


By providing access to capital, AIM enables companies to innovate and invest in ideas and people, making them more productive than the national average – with productivity of £87,100 GVA per employee, compared to a UK national average of £58,327. Over the last 4 years that productivity has improved by 4%, compared to 3% nationally[1].

Whilst AIM plays a vital role both in the UK economy and the UK capital markets, we recognise that recent market conditions have been challenging and that smaller companies have been disproportionately impacted by headwinds that have affected public and private markets around the globe.

[1] Report: The economic impact of AIM companies | Grant Thornton

In particular, UK equities have been subject to net outflows in three of the last four years, the impact of which has been felt disproportionately by smaller quoted companies:



AIM is a central part of the UK capital markets reform agenda

Many of the factors affecting capital markets have been global trends. However, there are certain factors that are specific to the UK which catalysed the formation, in 2022, of the Capital Markets Industry Taskforce (CMIT). Since its formation, CMIT has focussed on a number of overarching themes designed to drive forward the development of the UK capital markets, including AIM and the Main Market:

- Increasing the allocation of pension funds to UK equities
- Ensuring the UK's corporate governance framework is globally competitive with the 'comply or explain' regime at its core so that any UK public company can adopt governance arrangements - including the compensation of its key executives - that are appropriate for its specific needs
- Making sure that any investor – institutional and individual - has access to high quality equity research to inform their investment decisions and the flexibility to pay for that research in the most appropriate manner
- Providing individual investors with access to a broad range of well-regulated investment opportunities across public and private markets so that they can save and invest for their future

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By championing these issues, both directly and through CMIT, the London Stock Exchange has sought to ensure that AIM companies have access to the broadest range of investors, providing both capital and liquidity, and that those investors can access a range of investment opportunities that would otherwise only be available through private investments. Significant progress has been made to identify the key issues and to build consensus regarding the solutions that will have the biggest positive impact over both the short and longer term.

Over the coming period, we expect AIM to benefit from the implementation of the Mansion House Compact which has the potential to unlock over £50 billion of new capital from the eleven largest defined contribution default funds into unlisted equities, including AIM securities, by 2030.

The Pension Investment Review also provides a critical opportunity to increase investment in UK listed companies. Whilst the rationale for reducing fragmentation and creating mega funds is clear, it will be vital that the asset allocation by enlarged funds distinguishes between small and large listed companies, recognising the different dynamics affecting the two parts of the market. The potential benefits of the creation of larger funds have been extensively discussed elsewhere, however, we will continue to work with the Government and regulators to ensure that investment in small and mid-cap listed companies, and those quoted on AIM, remains a priority and that the quantum of investment being made into this segment is tracked. In this regard, we also see a strong case for the Government to extend the remit of organisations such as the British Business Bank to invest in companies admitted to growth markets.

The changes resulting from the Investment Research Review, led by Rachel Kent, should also lead to an increase in the availability and quality of equity research available to investors in AIM companies. The changes proposed in FCA 'CP24/12 - Consultation on the new Public Offers and Admission to Trading Regulations'[2] make it easier for AIM companies to include retail participation in respect of fundraising at admission and on market. The combination of these developments should increase the sources of capital and liquidity available to AIM companies.

Feedback from AIM companies and market practitioners continues to highlight the need for greater certainty about the future availability of tax incentives for investors in AIM companies, emphasising the significant benefit that this carefully calibrated package of incentives delivers for AIM. Whilst we believe the change made to Business Relief in the Autumn Budget was intended to create long-term certainty, concern has clearly emerged about the distorting impact of the £1 million exemption for private assets and whether AIM shareholdings in SIPPs qualify for relief. We will continue to work closely with the Government to seek greater certainty about the long-term availability, and the positive role, of these incentives to enable AIM companies to deliver the material benefits to the UK economy highlighted above.

Addressing the increasing costs of audit work

Another area of regular feedback we receive is in relation to the increasing costs of audits. The QCA estimates that, in the five-year period from 2018, audit fees increased by nearly £300,000 (127%)[3]. These fees are a significant component of the cost for a company seeking and maintaining an admission to AIM. Whilst there are multiple factors driving this increase, we believe that it should be a priority for the Government to amend the Public Interest Entity (PIE) definition. Lifting the threshold from the current €200m market capitalisation

We believe that it should be a priority for the Government to amend the Public Interest Entity (PIE) definition.

[2] CP24/12: Consultation on the new Public Offers and Admission to Trading Regulations regime (POATRs)
[3] 'The Crisis of Unaffordable Audits', QCA, February 2024

threshold, which is based on the SME Growth Market definition in MiFID II, to cover companies with 750+ employees and £750m turnover would help to alleviate some of the cost pressure and level the playing field between AIM and private companies.

Tailoring corporate governance and social responsibility standards

The corporate governance regime and associated market practices in the UK have continued to evolve since the publication of the previous AIM discussion paper in 2017. For example, the connection between diversity on boards and business success has been recognised within corporate governance codes of the QCA Code and the UK Corporate Governance Code.

We continue to believe that companies benefit from purposefully adopting governance measures that are specifically tailored to their size and stage of development and that they should be developed through considered engagement with stakeholders. The AIM principles-based approach to corporate governance is consistent with our overall approach to AIM. Our approach recognises that a 'one size fits all' regime is not appropriate for small and medium sized growth companies and the fact that investors in AIM companies tend to be more active. We have reiterated the importance of the regime being genuinely comply or explain and welcome the repeated emphasis by the FRC and others of their support for this principle. We consider it is important to take the opportunity to understand the experience of companies in complying with their chosen code so that we can consider whether our approach remains appropriate for all AIM companies.

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The standards and market practices for reporting on climate related issues continue to evolve for public and private companies. Since the publication of the previous discussion paper, the Government has formally endorsed the Task Force on Climate-related Financial Disclosure framework which led to the introduction of mandatory Climate-related Financial Disclosures (CFD) in the UK. Pursuant to the Companies Act 2006, UK registered AIM companies with more than 500 employees are required to prepare a statement relating to their exposure to climate change and the measures and processes they adopt to manage the associated risks. Following the first cycle of mandatory CFD reporting, at the start of this year, the FRC published a thematic review, which concluded that the AIM and large private companies it had reviewed had endeavoured to meet the CFD requirements, although the quality of disclosure was varied[4]. In 2024, as part of its Public Offers and Admission to Trading Regulations consultation, the FCA also included questions about disclosures of climate-related risks, with particular questions for specialist companies, such as mineral companies.

Given the ongoing evolution of sustainability reporting and the fact that many AIM companies are already providing climate related disclosures, we do not currently believe there is a need to create an additional burden in replicating climate disclosures in the AIM Rules for Companies (AIM Rules). However, in order to support AIM companies in this area, we provide free guidance (Guide To Sustainability Reporting | London Stock

[4] FRC reviews Climate-related Financial Disclosures (CFD) by AIM and large private companies

Exchange) and run free educational training on climate related disclosure for our issuers. We also highlight those companies that are focussed on the transition to a green economy by providing the following marks to support eligible issuers: Green Economy Mark; Sustainable Bond Market; Voluntary Carbon Market. The London Stock Exchange is also part of the Transition Finance Council launched by the City of London and the Government, seeking to convene stakeholders to drive transition finance market recommendations that will work in a practical fashion for issuers and investors.

AIM is a critical element of the UK's funding continuum

In parallel with the ongoing development of our public markets, we are committed to ensuring that the entire funding continuum in the UK is fully connected to enable companies to start, grow, scale and stay in the UK. An important element of that strategy is to ensure that private companies are able access capital and provide liquidity for shareholders as they continue to scale. Without addressing these issues for private companies and their investors, we will continue to find that many companies fail to fulfil their growth potential and ultimately do not grow to a scale or stage of development where an IPO becomes a realistic option. To address the need for liquidity for founders, employees and early-stage investors, and ensure that the continuum in the UK is best able to support growth companies for the long term, we are committed to supporting the work being done by Government and the FCA in respect of the creation of the Private Intermittent Securities and Capital Exchange System (PISCES). PISCES is not designed as a small-cap venue or a primary market but is intended to address the need for secondary liquidity. The regulation of this new private company market is intended to create a material benefit to growth companies, the functioning of the UK capital markets and to ultimately contribute to the long-term IPO pipeline for AIM and the Main Market by increasing the number of consequential companies in the UK.

AIM remains critical to this funding continuum and to the long-term success of the UK capital markets as the destination for founder-led companies. Whilst the regulatory differentiation between AIM and the Main Market has narrowed as a result of the implementation of the recommendations of the Primary Markets Effectiveness Review, AIM's ability to remain flexible and specifically tailored to the needs of growth companies underscores AIM's important role as a critical component of the UK funding continuum. AIM will continue to support growth companies and their founders with a proportionate approach to regulation and carefully calibrated tax advantages and market structure that are all specifically tailored for companies at an earlier stage of their growth journey.

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AIM's evolution will be based on market engagement

This discussion paper is intended to generate debate and ideas about the future development and evolution of AIM with the objective that AIM remains the pre-eminent global growth market which fosters the development and success of emerging and founder-led businesses. We invite feedback from a wide range of market

participants and welcome views both on the changes proposed in this paper as well as on other ways in which AIM may be further developed. Section 2 of this paper is designed to solicit feedback about the overall market framework and the products and services that support AIM companies and their investors. Section 3 covers areas where AIM Rule changes could be beneficial to either reflect the evolution of the broader regulatory environment or where there may be an opportunity to reduce the barriers to execution whilst maintaining market transparency and integrity.

2. Market Framework

2.1 Driving growth

As set out above, we are focussed on a range of interconnected issues to ensure that the UK capital markets remain internationally competitive and AIM fulfils its vital role in a fully connected funding continuum. We do this both directly and through CMIT. The recent appointment of representatives from the AIM and growth company community to CMIT will enhance its platform to advocate for the effective reform of the venture capital and growth company ecosystem, including AIM. Whilst many of the areas covered in this section of the discussion paper sit outside of the AIM rulebooks, we would welcome feedback to inform the prioritisation and focus of our work.

Our top priority is to increase the flow of capital into AIM and to ensure that capital comes from a diverse range of sources to maximise liquidity. Whilst this topic has been extensively discussed and the case made for pension funds to increase their capital allocation to smaller companies[5], we would welcome additional comments about ways to increase long term investment into AIM.

The package of fiscal incentives including EIS, VCT, ISA inclusion and Business Relief available to investors in qualifying AIM companies have been a vital intervention to encourage investment into AIM. Whilst recognising that recent changes to Business Relief have been designed to reflect the currently constrained fiscal environment, we would welcome views on the relative importance of the individual fiscal incentives along with specific evidence or case studies to demonstrate the value of the individual incentives. We would also welcome any proposals to make the existing reliefs more effective, reduce uncertainty or suggestions for further targeted interventions to support the flow of capital to AIM.

In addition to increasing the supply of capital, a vital factor governing the availability and cost of capital for issuers is the level of liquidity in the secondary market. Maintaining adequate liquidity is a function of many factors, including ensuring a diverse investor base which includes a broad mix of individual, institutional and tax-incentivised investors. To enhance liquidity, we have successfully campaigned for AIM shares to be eligible for ISAs and the abolition of stamp duty on the trading of AIM securities. More recently we have removed fees for retail investors to access real-time market data from the London Stock Exchange, becoming the first major

[5] The future of smaller company capital markets in the UK, New Financial, October 2024

primary exchange to do so[6]. We also believe that the new Public Offers and Admission to Trading Regulations will help stimulate liquidity by making it easier for AIM companies to include individual investors in capital raising transactions, thereby increasing the diversity of their shareholder register. We do, however, receive feedback, particularly from smaller active fund managers, that a regulatory focus on liquidity management and processes to manage redemptions in less liquid securities has been a factor behind institutions tending to prefer investing in larger AIM companies. We would therefore welcome feedback about ways to continue to develop liquidity and the market offering more broadly.

We set out below some key questions, the answers to which will support our continued development of AIM to be the international venue of choice for growing and aspiring companies.

Questions	
Q1	Do you believe that recent initiatives to increase investment in equities, including the Mansion House Compact, the Government's Pensions Investment Review and review of the Local Government Pensions Schemes will be effective in increasing investment into AIM companies? Please state your reasons and any suggestions for additional changes.
Q2	Are there any changes that should be made to any of the fiscal incentives that we should be advocating for to support investment into AIM to make them more effective or to reduce uncertainty? Please provide views on the relative importance of the individual fiscal incentives, specific evidence and / or case studies to demonstrate the value of the incentives.
Q3	Are there: i. additional initiatives that we should consider to enhance liquidity in the trading of AIM securities? These could include changes to the AIM rulebooks, the Rules of the London Stock Exchange or the operation of the trading system ii. additional products and services that we should consider that could enhance liquidity? For example indices or enhancements to our Issuer Services platform iii. additional targeted interventions, such as the extension of the remit of the British Business Bank, to support investment into growth markets that would make a material impact?
Q4	Are there features of other funding platforms or growth markets internationally that we should consider to enhance the operation or positioning of AIM?
Q5	We would appreciate thoughts on the positioning and marketing of AIM and the AIM brand and any specific ideas about how it should evolve in the future to ensure AIM retains a central position in the wider funding continuum, both in the UK and internationally.

[6] https://www.londonstockexchange.com/discover/news-and-insights/retail-investors-democratising-access-uk-capital-markets

2.2 The Regulatory Design of AIM

Against the backdrop of the significant changes in the regulatory landscape for UK markets, ensuring that AIM's regulatory model evolves to provide the appropriate level of support for companies and confidence for investors remains critical to AIM's success.

The AIM regulatory model has the benefit of the expertise of a nominated adviser and a principles-based rulebook. Whilst an AIM company has primary responsibility for compliance with the AIM Rules, the nominated adviser owes obligations to the Exchange to support the company through advice and guidance. This framework aligns the needs of key stakeholders, providing flexibility to founders, management and boards to be able to continue to focus on the successful development of their businesses, balanced with the requirements of investors for disclosure to enable them to evaluate the risks and opportunities of individual companies. AIM's disclosure-led approach places shared responsibility on companies to make timely and accurate disclosure, and on investors for taking responsibility for their understanding of the businesses in which they are investing and the associated risks.

As part of the FCA market reforms, the FCA rules pursuant to the Public Offers and Admission to Trading Regulations are expected to be published this summer. This will allow flexibility for AIM companies to enable retail participation for fundraising at admission and on market. It will also mean that AIM companies will be able to benefit from the regulated market liability regime for forward looking statements, which should encourage greater disclosure about future prospects to support investor decision-making. The new FCA rules will set out when an admission document will be required, whilst the market operator will retain autonomy to determine the contents of its admission documents. For multi-lateral trading facilities such as AIM, an admission document will be described as an MTF Admission Prospectus.

Whilst we continue to view the nominated adviser model as central to AIM's distinctive regulatory framework and its success, we welcome views on how we should evolve the nominated adviser / Qualified Executive role or indeed whether these roles remain valuable for companies and investors. For example, we have observed that market practice has developed around the nominated adviser obligations which, in some areas, increases the costs of that role but may not add commensurate value. Further, there may be areas of the admission process where there is duplicative work between the nominated adviser, lawyers and reporting accountants. We note that reports and documents that are prepared to support an AIM admission by various advisers create a significant cost burden. We would like to understand if these are adding value for companies and investors or whether they are causing unnecessary friction and costs to the admission process and, if so, how we can support streamlining things.

Similarly, post-admission, noting that company disclosure is subject to UK Market Abuse Regime (UK MAR) which is predominantly advised upon by lawyers, we would welcome views on whether the nominated adviser's role in disclosure under AIM Rule 11 is duplicative and whether instead the nominated adviser's role can be developed to focus on the valuable corporate finance input in the disclosure discussions with other advisers.

In relation to corporate governance, whilst our intention is that there should not be a one size fits all model and have left the choice of codes to the company, we have received feedback that as the existing codes have developed, not all AIM companies feel that they have an appropriate choice for their stage of development. We would welcome market views on whether, as an alternative to choosing a code, we could provide a simplified approach and what that might look like.

Questions	
Q6	Please rank the following areas, from high to low, that contribute to cost or friction and act as a potential impediment to companies joining AIM or impact companies admitted to AIM: - Auditing and financial advisory costs in preparing the admission document - Legal and due diligence costs in preparing the admission document - Ongoing auditing fees - Nominated adviser fees in connection with the admission process - Nominated adviser fees on an ongoing basis - Exchange fees - Ongoing disclosure and associated compliance costs - Corporate governance expectations and associated costs - Capital raising costs - Costs of engaging with investors - Equity research fees - Availability of capital - Liquidity and / or volatility Other costs associated with the admission process and ongoing obligations (please provide details and rank accordingly)
Q7	Please provide views on the regulation of AIM and areas where we can support the nominated adviser in providing guidance to reset market practice that has evolved over time to be unhelpful and unnecessarily burdensome.
Q8	Please provide details of any reports that are part of the admission document process that are either duplicative or the cost outweighs the value. Are there other areas of the admission process that can be simplified?
Q9	Please provide views on the nominated adviser role including: i. key aspects of the role that continue to provide value to companies and confidence to investors; ii. any aspects that result in disproportionate burden for the nominated adviser and / or company that outweigh the benefit; and iii. areas of the work performed by the nominated adviser that are duplicative with other advisers and where the nominated adviser's corporate finance experience is not necessary. iv. in respect of the Qualified Executive role.

Questions	
Q10	Noting the obligations of an AIM company to comply with UK MAR: i. does the obligation under AIM Rule 11 continue to be helpful or does it create an unnecessary and duplicative burden for companies? ii. If you consider that UK MAR disclosure is a sufficient standalone level of disclosure without the need for an additional AIM Rule obligation, please provide details of what the role of the nominated adviser should be (if any) in respect of supporting company disclosure.
Q11	We would welcome views on whether the current choice of corporate governance codes meets the needs of all AIM companies. We also welcome specific feedback: i. from investors, the areas of the existing commonly used corporate governance codes that are important to you. ii. from companies, the areas of these codes that are challenging to comply with and why. We also welcome comments at Section 3.8 on the question of equity as a form of remuneration for non-executive directors.
Q12	Do you consider AIM should also offer a simplified list of requirements for corporate governance as a further choice to existing codes? If so, please provide details of what you consider the key requirements should be.

3 Development of the AIM Rules

In this section we seek engagement from market participants on how we can evolve the AIM Rules. In particular, we are seeking to challenge the status quo in certain areas and we are keen to explore different approaches. We welcome ideas of how we can make changes to address unnecessary friction and cost whilst maintaining those aspects that remain important for investor confidence.

3.1 AIM admission documents

Noting the increasing costs associated with producing an admission document, we welcome views on its content and take the opportunity to seek feedback from investors as to areas of the current admission document that are not considered to be of value to their investment decisions. Further, we would be interested to understand whether we should offer an alternative simplified admission document (whilst also retaining the option of the current admission document). A simplified admission document that is accompanied by clear labelling to signpost the increased level of risk (comparative to a standard admission) would then give investors a choice depending on their risk appetite and address the cost burden that might be a barrier for some companies to seek admission.

Where information is in the public domain, we also recognise that the burden of replicating this information in the admission document might outweigh the value of its inclusion. This could be addressed by allowing

incorporation by reference. For example, the following documents could be incorporated by reference: Historical Financial Information; Memorandum and Articles of Association; and Competent Person's Reports. We recognise that currently a derogation would need to be sought to enable this and that in such circumstances companies may be deterred from seeking to streamline their admission document notwithstanding the information is already in the public domain.

Questions	
Q13	Please advise what you consider are: i. the key elements of the current admission document that investors value; and ii. the areas of the preparation of the admission document that should be modified or are not necessary (if any).
Q14	If you consider that the option of a simplified admission document would be appropriate, please provide details of what it should look like.
Q15	If you agree with the use of incorporation by reference, please provide details of information in the admission document that should be permitted to be incorporated in this way.
Q16	If you do not agree with the use of incorporation by reference, please explain the reasons for your view.
Q17	Are there any further changes that could streamline the admission document contents, its format and / or style including the use of proforma/template sections (where applicable) that we should consider? Please provide details.

3.2 Working capital statements

The FCA changes in relation to working capital statements for Main Market companies following the Primary Markets Effectiveness Review mean that companies seeking admission to the Main Market will no longer require a 'clean' working capital statement which positively affirms a company's working capital position for at least twelve months post admission. Instead, reliance is placed on the Prospectus Regulation Rules which require working capital disclosure as part of prospectus disclosure but also allow for qualified statements, including disclosure as to how the company proposes to provide any additional working capital that may be needed. Further, through their recent Public Offers and Admission to Trading Regulations consultation, the FCA is considering whether to allow companies to disclose the significant judgements made in preparing the working capital statement, including the assumptions the statement is based on and the sensitivity analysis which has been performed.

Whilst there is an opportunity for AIM to replicate this regime, there are other alternatives that we consider worthwhile exploring, noting the cost and time burden of preparing a working capital report to support a working capital statement.

An alternative approach could be to require a working capital statement in line with that currently required by applicants utilising the AIM Designated Market (ADM) route, whereby the company's directors confirm that they have "*no reason to believe*" that the working capital available to it or its group will be insufficient for at least twelve months from the date of its admission. We are interested to know whether such an approach could reduce the costs associated with preparing such a statement whilst providing sufficient disclosure and comfort to investors.

We would also welcome views on an entirely different approach whereby there could be specific circumstances where no working capital statement would be required. Examples of circumstances where the burden of a working capital report might outweigh the value include:

- Where the company's financial statements for a number of consecutive years (for example 3 years), include 'clean' audit reports (with no emphasis of matter) and were prepared on a going concern basis (i.e. the company is considered able to continue operating for a period of at least twelve months from the date the financial statements have been approved); or

- Where the company is an investing company where the AIM Rules require a minimum of £6 million cash fundraise on admission and the investment strategy is disclosed; or

- For research and development companies or mining and oil and gas exploration companies, in respect of which the requirements for funding are inherent in the nature of the business and where the requirements and timing for future funding is disclosed.

We would welcome views on this alternative approach noting that, with clear health warnings, investors will be able to assess whether the risk profile of a company that does not provide a working capital statement is commensurate with their investment risk appetite.

Questions	
Q18	Please state which of the following approaches to working capital disclosure you consider most appropriate for AIM admission documents and the reasons why: i. Applying the new Main Market equivalent requirements; ii. A statement in line with that currently required by applicants admitting to AIM via the ADM route; and / or iii. No working capital in specific circumstances.
Q19	If you agree that there are circumstances where no working capital statement should be required, please provide the circumstances you consider appropriate.

Questions	
Q20	If you agree with there being no working capital statement where reliance is instead placed on the going concern statements included in past financial statements: i. Do you agree that 3 years of 'clean' audited accounts is sufficient to rely upon? ii. When do you consider the last audited accounts would become stale for the purposes of relying on the going concern statement contained within the 'clean' audit report, noting that the AIM Rules allow the balance sheet date of the last audited accounts no older than a maximum of 18 months from the date of the admission document?

3.3 Reverse takeovers

A key benefit of AIM is its flexibility in supporting the needs of growing companies and their ability to undertake transactions. Whilst appropriately classifying transactions supports transparency regarding a company's prospects, it is equally important that disclosure is proportionate and not unduly burdensome.

With this principle in mind, we welcome views on how we might develop the reverse takeover rules.

Currently, under AIM Rule 14, an acquisition is classified as a reverse takeover if: (i) there is a fundamental change of business, board or voting control; or (ii) any of the class tests exceed 100%. The principle underlying this rule is that where acquisitions have the potential to significantly transform a company, investors are able to consider the proposed acquisition and are afforded the opportunity to vote on that transaction.

Given the increasing costs of producing an admission document, which would be required if a transaction is classified as a reverse takeover, we welcome feedback on whether requiring such a document is necessary in all circumstances and whether, in certain circumstances, an alternative form of disclosure might be more appropriate.

A more flexible approach could be to allow the specific impact on the company's business to be taken into account in determining whether to dispense with an admission document. For example, is there value in the company producing an admission document in circumstances where the company is making an acquisition that is larger than itself, but it is growing the business in line with its existing operations within the same industry/sector or with the same strategic direction, such that there is no fundamental change of business?

In such circumstances, we believe an appropriate alternative disclosure to an admission document could be for AIM companies to disclose information required by Schedule Four of the AIM Rules which (amongst other things) includes matters such as a description of the assets, profits (or losses) attributable to those assets, details of the consideration and the effect of the transaction on the company. This approach to disclosure would support companies to continue to grow their businesses without incurring the costs of producing an admission document whilst at the same time providing investors with relevant information.

Further, where the transaction is not a fundamental change of business but is sufficiently large to constitute a reverse takeover pursuant to the class tests, we would welcome views as to whether investors would still want the opportunity to vote on the transaction.

These changes should be considered in conjunction with the proposed changes to the class tests in Section 3.9 which are relevant to the classification of a reverse takeover.

Questions	
Q21	Do you agree with the proposal that we can dispense with an admission document and instead require AIM Rules Schedule Four disclosures, where a company is making an acquisition that is larger than itself but which does not result in a fundamental change of business? If you agree, please provide details of: i. any further disclosures that would be appropriate in addition to those set out in AIM Rules Schedule Four; ii. whether a shareholder vote on the acquisition is necessary where the company is not undertaking a fundamental change of business and, if yes, please explain why; and iii. any thresholds / factors considered relevant to determining whether an acquisition gives rise to a fundamental change of business.
Q22	Please provide details of any other changes in relation to reverse takeover rules that could make it more efficient for AIM companies to undertake transactions.

3.4 Accepted Accounting Standards

AIM Rule 19 currently requires that an AIM company incorporated in the UK or an EEA country prepare and present its accounts in accordance with International Accounting Standards (IAS), effectively UK-adopted or EU IFRS. Where an AIM company is not incorporated in either the UK or an EEA country, its accounts should be prepared in accordance with a prescribed list of local accounting standards being either IAS, US GAAP, Canadian GAAP, Australian IFRS, or Japanese GAAP**.** The AIM Rules do not currently require companies using these accepted local accounting standards to provide either numerical or descriptive comparisons to IAS.

AIM is an international market with companies incorporated and operating in 75 countries worldwide. We believe there is an opportunity to introduce greater flexibility to recognise a wider set of local accounting standards than those already permitted under AIM Rule 19. The key benefits of this approach would be:

- Reduction in the cost of conversion to IAS for prospective AIM companies, which could be a potential barrier to admission
- Elimination of unnecessary complexity and expense related to the ongoing production of reports and accounts for existing AIM companies

- Attracting international growth companies to AIM, thereby providing investors with a wider choice of investment opportunities

We welcome views on whether we should permit companies to use any local accounting standard thereby allowing investors to consider the risk profile, or whether local accounting standards should be limited to a prescribed list based on equivalency to IAS.

Questions	
Q23	Please state which of the following approaches to permitted accounting standards you consider most appropriate for AIM (in addition to the use of IAS): i. Allow all local accounting standards, as permitted by the respective country of incorporation (which would include local accounting standards falling outside of those currently prescribed in the AIM Rules); or ii. Limit the list of local accounting standards to a prescribed list in the AIM Rules based on equivalency to IAS.
Q24	If you consider the list of permitted accounting standards should be prescribed in the AIM Rules, please provide details of the local accounting standards you consider acceptable and why.
Q25	We welcome views on whether requiring a comparison of local standards against IAS would create costs that outweigh the benefits of providing companies the flexibility to use local accounting standards.

3.5 Admission requirements for second lines of securities

Currently, an AIM company seeking to admit a second line of securities is required to produce an admission document. However, information regarding the business of the AIM company will already be in the market by virtue of the company's ongoing compliance with the AIM Rules and MAR. Further, where the second line of securities is equity, relevant information regarding the share rights will be provided to shareholders, for example, in a circular seeking shareholder approval pursuant to its company law obligations. We also recognise that second lines of securities may include quasi equity or quasi debt securities where the rights of such securities can be fully disclosed in a market notification.

Noting the above, we consider there is limited benefit in requiring the publication of an admission document for the admission of a second line of securities, when weighed against the cost and administrative burden of doing so. We appreciate that currently, companies will need to seek a derogation to be able to provide alternative disclosure and recognise that this might unnecessarily deter a company from pursuing the admission of a second line of securities to AIM.

We welcome views on removing the requirement to produce an admission document, with the required disclosure being the rights of the second line of securities (for example, as set out in the shareholder circular).

Questions	
Q26	Do you agree that admission of second lines of security to trading on AIM companies should not require the publication of an admission document? Please explain your views and whether it differs depending on the type of security.
Q27	Are there any further regulatory changes we should consider which may make it easier for AIM companies to admit to trading second lines of security on AIM?

3.6 AIM Designated Market (ADM) route

The ADM route was introduced to provide the ability for companies trading on certain other comparable markets to admit to AIM without the need to publish an admission document. This was intended to provide a fast-track and less onerous route to AIM for companies based on their existing home jurisdiction disclosures. We recognise that market practice has developed such that the nominated adviser's work is often equivalent to that undertaken for a standard AIM admission.

We are seeking views about areas of the nominated adviser work that can be dispensed with or reduced given the existing legal and regulatory obligations the company will have been complying with in its home jurisdiction. For example, could the nominated adviser place reliance on the company's existing public market disclosures to provide an understanding of the company and its business, thereby limiting the level of due diligence that it undertakes?

We would also welcome views on other changes/development we might make to the ADM route.

Questions	
Q28	Please provide details of the work a nominated adviser undertakes for an admission via the ADM route that could be streamlined or omitted relative to that undertaken for a standard AIM admission.
Q29	We welcome views on further ways in which the ADM route could be developed. For example: i. Should the existing list of eligible markets be extended? If so, please provide details of which markets (including tiers of existing eligible markets) you think should be added and why you consider that they are appropriate for the ADM route. ii. Should the application of the market capitalisation of £20m test be changed? iii. Should the time period an applicant must be admitted, in its current form, to its ADM market be changed from the current 18 months?

3.7 Dual-Class Share Structures

For many entrepreneurial founders of growth companies, retaining adequate control of a company in its growth phase is critical. Weighted voting, or dual-class shares, are therefore commonplace across international markets and their use was extended on the Main Market in December 2021. The rationale for allowing the use of dual-class share structures and associated protections has been debated extensively as part of the Primary Markets Effectiveness Review and we will not seek to replicate that debate in this discussion paper.

Given dual-class share structures align with the founder-led nature of growth companies, we believe it is appropriate to permit the admission of dual-class shares on AIM, replicating the structures permitted on the Main Market.

Questions	
Q30	If you do not agree that AIM should adopt an equivalent route for the admission of dual-class shares as for Main Market companies, please explain the basis for your view. Otherwise, please provide details of any changes to the Main Market approach to dual-class shares, that you would recommend for AIM companies.

3.8 Related Party Transactions

AIM Rule 13 is a key protection for shareholders given related party transactions are likely to arise for companies where directors and founders often have major shareholdings. The rule is intended to address the possibility of parties unduly benefitting from their position of influence.

Reflecting AIM's proportionate approach, AIM Rule 13 does not mandate shareholder consent for related party transactions. Instead, a company must consult with its nominated adviser, and the independent directors must provide publicly a fair and reasonable statement.

AIM Rule 13 continues to operate effectively as evidenced by the FCA adopting a similar disclosure-based approach for the Main Market in the Primary Markets Effectiveness Review. We would welcome views on how we might develop this rule further, as discussed below.

Exemptions

We have observed that there are certain areas where the protections afforded by AIM Rule 13 might be unnecessary given other existing safeguards for shareholders. For example, where an employee share scheme or a long-term incentive scheme has been approved by shareholders, or where the granting of an indemnity to a director is permitted under the Companies Act 2006. We consider that AIM Rule 13 can be amended to reflect such shareholder safeguards.

Directors' remuneration

We have publicly commented on the importance of ensuring that UK public companies are able to attract and retain domestic and international talent. In line with this principle and given that directors' remuneration is subject to consideration by the company's Remuneration Committee, we welcome views on whether the question of director's remuneration should be left to the company's corporate governance arrangements rather than being captured by AIM Rule 13. This would also create greater freedom for growth companies to attract highly skilled non-executive directors that can be paid in equity if the company's remuneration committee deem it appropriate, aligning with the approach permitted in the QCA Code which recognises that this is relevant for early-stage companies. Alternatively, should AIM Rule 13 protections be retained in limited circumstances for directors' remuneration, for example, where remuneration is in the form of bonus / share option arrangements that are **not** contingent on business-related performance criteria?

Questions	
Q31	Do you agree with the proposed AIM Rule 13 exemptions set out above, where there are other existing shareholder safeguards, in relation to: i. the grant of options in accordance with a share scheme which has been approved by shareholders; and ii. a transaction that consists of granting an indemnity to a director in accordance with the Companies Act 2006. Are there other similar circumstances where existing shareholder safeguards are already in place that exemptions could be introduced?
Q32	Do you agree that AIM Rule 13 should not apply to directors' remuneration but should be left to the corporate governance committee? Please explain your answer.
Q33	Noting the importance for early stage and growth companies to be able to offer equity ownership to attract skilled and experienced non-executive directors: i. do investors support non-executive directors building a degree of equity ownership provided the board retains sufficient independence? ii. do companies feel able to pay non-executive directors in the form of equity or do they feel hampered by the corporate governance codes (and if so which code)?
Q34	If you agree that changes in remuneration can generally be left to governance committees: i. do you consider that companies should notify a change of directors' remuneration without delay, or should the company be able to update this in the next annual accounts? ii. are there some specific circumstances where AIM Rule 13 protection should be retained, for example bonuses / share options arrangements not contingent on business-related performance? Are there other circumstances where it should apply on a limited basis?

Questions	
Q35	Please provide details of any other changes to this rule that you consider will support the reduction of burden whilst maintaining investor confidence.

3.9 Application of class tests

We consider the class tests to be a useful metric against which a transaction can be objectively assessed. However, the principles-based approach to the AIM Rules affords flexibility in relation to the application of those results and, for most transactions, substitute tests can be provided where a nominated adviser considers the class tests produce an anomalous result.

In relation to the point at which disclosure is required for a substantial transaction, we recognise that the equivalent threshold applied to a Main Market company is now 25%. We consider that growth companies should not be subject to a greater disclosure burden than is required for Main Market companies and accordingly, seek views as to whether a 25% trigger for disclosure would be appropriate for AIM companies noting the general disclosure obligations.

In considering the class tests more generally, we consider there is an opportunity to update these in certain instances and to provide greater clarity in others, as noted below:

Profits test

The Profits test in the AIM Rules is one of the metrics used to classify the size of a transaction. However, in practice this test regularly produces negative results or requires adjustment for example, to account for differences in accounting treatment to enable accurate comparison, although we consider it remains a useful test when assessing related party transactions.

Noting the above and that other class tests which are usually a more reliable indicator of size, we welcome views on whether the Profits test should be removed in line with the changes to the Main Market following the Primary Markets Effectiveness Review, with application retained only for related party transactions.

If the Profits test is retained, the “extraordinary items” in the profits test will be updated to “exceptional items” to reflect current accounting standards.

Gross Capital test

Certain AIM Rule 12 carve outs are provided in respect of investing companies in the AIM Note for Investing Companies. However, it is also common for the Gross Capital test to exceed 100% where an investing company is acquiring a minority stake in another company, resulting in the need for the company to seek a derogation to ensure disclosure more accurately reflects the scale of the transaction. The class test breach arises because there is a requirement to include the following: the shares and debt securities not being

acquired; all other liabilities (other than current liabilities); and any excess of current liabilities over current assets.

We welcome views on introducing a pro-rated Gross Capital calculation to reflect the fact that a company is only acquiring a minority stake and therefore will not be consolidating or assuming responsibility for any of the target company's liabilities.

Questions	
Q36	Please provide views on whether the threshold for a substantial transaction should be changed to 25%? Please explain your view.
Q37	Please provide views on whether the Profits Test remains a relevant test for AIM transactions? If so, please explain why.
Q38	Do you agree with the proposed change to the Gross Capital test to a pro-rated gross capital calculation where a company is only acquiring a minority stake? If you do not agree, please explain why.
Q39	Are there other changes to the class tests you think we should consider?

4 Next steps

We welcome views and responses from all market participants. Responses to be sent to AIM Regulation at aimnotices@lseg.com on or before 16 June 2025 after which we will take the time to consider the feedback and engage with the market. Any proposed changes to the AIM Rulebooks will be put forward for market consultation.

ANNEX 1 – LIST OF QUESTIONS

Q1	Do you believe that recent initiatives to increase investment in equities, including the Mansion House Compact, the Government's Pensions Investment Review and review of the Local Government Pensions Schemes will be effective in increasing investment into AIM companies? Please state your reasons and any suggestions for additional changes.
Q2	Are there any changes that should be made to any of the fiscal incentives that we should be advocating for to support investment into AIM to make them more effective or to reduce uncertainty? Please provide views on the relative importance of the individual fiscal incentives, specific evidence and / or case studies to demonstrate the value of the incentives.
Q3	Are there: i. additional initiatives that we should consider to enhance liquidity in the trading of AIM securities? These could include changes to the AIM rulebooks, the Rules of the London Stock Exchange or the operation of the trading system ii. additional products and services that we should consider that could enhance liquidity? For example indices or enhancements to our Issuer Services platform iii. additional targeted interventions, such as the extension of the remit of the British Business Bank, to support investment into growth markets that would make a material impact?
Q4	Are there features of other funding platforms or growth markets internationally that we should consider to enhance the operation or positioning of AIM?
Q5	We would appreciate thoughts on the positioning and marketing of AIM and the AIM brand and any specific ideas about how it should evolve in the future to ensure AIM retains a central position in the wider funding continuum, both in the UK and internationally.

Q6	Please rank the following areas, from high to low, that contribute to cost or friction and act as a potential impediment to companies joining AIM or impact companies admitted to AIM: - Auditing and financial advisory costs in preparing the admission document - Legal and due diligence costs in preparing the admission document - Ongoing auditing fees - Nominated adviser fees in connection with the admission process - Nominated adviser fees on an ongoing basis - Exchange fees - Ongoing disclosure and associated compliance costs - Corporate governance expectations and associated costs - Capital raising costs - Costs of engaging with investors - Equity research fees - Availability of capital - Liquidity and / or volatility Other costs associated with the admission process and ongoing obligations (please provide details and rank accordingly)
Q7	Please provide views on the regulation of AIM and areas where we can support the nominated adviser in providing guidance to reset market practice that has evolved over time to be unhelpful and unnecessarily burdensome.
Q8	Please provide details of any reports that are part of the admission document process that are either duplicative or the cost outweighs the value. Are there other areas of the admission process that can be simplified?
Q9	Please provide views on the nominated adviser role including: i. key aspects of the role that continue to provide value to companies and confidence to investors; ii. any aspects that result in disproportionate burden for the nominated adviser and / or company that outweigh the benefit; and iii. areas of the work performed by the nominated adviser that are duplicative with other advisers and where the nominated adviser's corporate finance experience is not necessary. iv. in respect of the Qualified Executive role.
Q10	Noting the obligations of an AIM company to comply with UK MAR: i. does the obligation under AIM Rule 11 continue to be helpful or does it create an unnecessary and duplicative burden for companies? ii. If you consider that UK MAR disclosure is a sufficient standalone level of disclosure without the need for an additional AIM Rule obligation, please provide details of what the role of the nominated adviser should be (if any) in respect of supporting company disclosure.

Q11	We would welcome views on whether the current choice of corporate governance codes meets the needs of all AIM companies. We also welcome specific feedback: i. from investors, the areas of the existing commonly used corporate governance codes that are important to you. ii. from companies, the areas of these codes that are challenging to comply with and why.
Q12	Do you consider AIM should also offer a simplified list of requirements for corporate governance as a further choice to existing codes? If so, please provide details of what you consider the key requirements should be.
Q13	Please advise what you consider are: i. the key elements of the current admission document that investors value; and ii. the areas of the preparation of the admission document that should be modified or are not necessary (if any).
Q14	If you consider that the option of a simplified admission document would be appropriate, please provide details of what it should look like.
Q15	If you agree with the use of incorporation by reference, please provide details of information in the admission document that should be permitted to be incorporated in this way.
Q16	If you do not agree with the use of incorporation by reference, please explain the reasons for your view.
Q17	Are there any further changes that could streamline the admission document contents, its format and / or style including the use of proforma/template sections (where applicable) that we should consider? Please provide details.
Q18	Please state which of the following approaches to working capital disclosure you consider most appropriate for AIM admission documents and the reasons why: i. Applying the new Main Market equivalent requirements; ii. A statement in line with that currently required by applicants admitting to AIM via the ADM route; and / or iii. No working capital in specific circumstances.
Q19	If you agree that there are circumstances where no working capital statement should be required, please provide the circumstances you consider appropriate.

Q20	If you agree with there being no working capital statement where reliance is instead placed on the going concern statements included in past financial statements: i. Do you agree that 3 years of 'clean' audited accounts is sufficient to rely upon? ii. When do you consider the last audited accounts would become stale for the purposes of relying on the going concern statement contained within the 'clean' audit report, noting that the AIM Rules allow the balance sheet date of the last audited accounts no older than a maximum of 18 months from the date of the admission document?
Q21	Do you agree with the proposal that we can dispense with an admission document and instead require AIM Rules Schedule Four disclosures, where a company is making an acquisition that is larger than itself but which does not result in a fundamental change of business? If you agree, please provide details of: i. any further disclosures that would be appropriate in addition to those set out in AIM Rules Schedule Four; ii. whether a shareholder vote on the acquisition is necessary where the company is not undertaking a fundamental change of business and, if yes, please explain why; and iii. any thresholds / factors considered relevant to determining whether an acquisition gives rise to a fundamental change of business.
Q22	Please provide details of any other changes in relation to reverse takeover rules that could make it more efficient for AIM companies to undertake transactions.
Q23	Please state which of the following approaches to permitted accounting standards you consider most appropriate for AIM (in addition to the use of IAS): i. Allow all local accounting standards, as permitted by the respective country of incorporation (which would include local accounting standards falling outside of those currently prescribed in the AIM Rules); or ii. Limit the list of local accounting standards to a prescribed list in the AIM Rules based on equivalency to IAS.
Q24	If you consider the list of permitted accounting standards should be prescribed in the AIM Rules, please provide details of the local accounting standards you consider acceptable and why.
Q25	We welcome views on whether requiring a comparison of local standards against IAS would create costs that outweigh the benefits of providing companies the flexibility to use local accounting standards.
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Q27	Are there any further regulatory changes we should consider which may make it easier for AIM companies to admit to trading second lines of security on AIM?

Q28	Please provide details of the work a nominated adviser undertakes for an admission via the ADM route that could be streamlined or omitted relative to that undertaken for a standard AIM admission.
Q29	We welcome views on further ways in which the ADM route could be developed. For example: i. Should the existing list of eligible markets be extended? If so, please provide details of which markets (including tiers of existing eligible markets) you think should be added and why you consider that they are appropriate for the ADM route. ii. Should the application of the market capitalisation of £20m test be changed? iii. Should the time period an applicant must be admitted, in its current form, to its ADM market be changed from the current 18 months?
Q30	If you do not agree that AIM should adopt an equivalent route for the admission of dual-class shares as for Main Market companies, please explain the basis for your view. Otherwise, please provide details of any changes to the Main Market approach to dual-class shares, that you would recommend for AIM companies.
Q31	Do you agree with the proposed AIM Rule 13 exemptions set out above, where there are other existing shareholder safeguards, in relation to: i. the grant of options in accordance with a share scheme which has been approved by shareholders; and ii. a transaction that consists of granting an indemnity to a director in accordance with the Companies Act 2006. Are there other similar circumstances where existing shareholder safeguards are already in place that exemptions could be introduced?
Q32	Do you agree that AIM Rule 13 should not apply to directors' remuneration but should be left to the corporate governance committee? Please explain your answer.
Q33	Noting the importance for early stage and growth companies to be able to offer equity ownership to attract skilled and experienced non-executive directors: i. do investors support non-executive directors building a degree of equity ownership provided the board retains sufficient independence? ii. do companies feel able to pay non-executive directors in the form of equity or do they feel hampered by the corporate governance codes (and if so which code)?
Q34	If you agree that changes in remuneration can generally be left to governance committees: i. do you consider that companies should notify a change of directors' remuneration without delay, or should the company be able to update this in the next annual accounts? ii. are there some specific circumstances where AIM Rule 13 protection should be retained, for example bonuses / share options arrangements not contingent on business-related performance? Are there other circumstances where it should apply on a limited basis?

Q35	Please provide details of any other changes to this rule that you consider will support the reduction of burden whilst maintaining investor confidence.
Q36	Please provide views on whether the threshold for a substantial transaction should be changed to 25%? Please explain your view.
Q37	Please provide views on whether the Profits Test remains a relevant test for AIM transactions? If so, please explain why.
Q38	Do you agree with the proposed change to the Gross Capital test to a pro-rated gross capital calculation where a company is only acquiring a minority stake? If you do not agree, please explain why.
Q39	Are there other changes to the class tests you think we should consider?