



AIM/Official List/SFM – investment companies

Major admission criteria and continuing obligations
May 2011

Market	AIM	Official List – Chapter XV (Premium Listing)	Specialist Fund Market
Regime	AIM Rules, the Prospectus Rules and in certain circumstances, Rule 5 of the Disclosure and Transparency Rules. Not a regulated market.	Listing Rules, Prospectus Rules, Disclosure and Transparency Rules and the LSE Admission and Disclosure Standards. A regulated market. (NB: An investment company may only have a standard listed class of securities if it has another class of equity shares which are premium listed.)	Prospectus Rules, Disclosure and Transparency Rules and the LSE Admission and Disclosure Standards. A regulated market.
Entity type and suitability	Generally straightforward only. Available to retail investors (if a prospectus is published).	Straightforward or complex. Available to retail investors.	Straightforward or complex. May not be marketed to retail investors.
Admission			
Prospectus/admission document	Admission document (unless a prospectus is required by the Prospectus Rules).	Prospectus.	Prospectus.
Required content	Schedule Two of the AIM Rules for Companies (which includes modified Annexes I – III of the Prospectus Rules and details of the company's investing policy), the AIM Note for Investing Companies and Annex XV of the Prospectus Rules.	Chapter XV of the Listing Rules, Annexes I – III and XV of the Prospectus Rules and the LSE Admission and Disclosure Standards.	Annexes I – III and XV of the Prospectus Rules and the LSE Admission and Disclosure Standards.
Feeder Fund	The impact of being a feeder fund on the investing policy (and whether the master fund's investing policy should mirror that of the feeder fund) to be considered.	The investment policies must be consistent with the master fund's investment policies and provide for spreading investment risk. The board must be independent of the master fund and any investment manager of the master fund.	No equivalent provisions.
Shares in public hands	No minimum requirement for admission but a suitability consideration for admission.	Minimum 25% in public hands.	No minimum requirement.
Required adviser(s)	Nominated adviser and broker.	Sponsor.	No sponsor requirement. Financial adviser recommended.
Board independence and experience	Directors as a whole and nominated adviser are usually expected to be independent from any investment manager and substantial shareholders. The nominated adviser must be satisfied that the board and the investment manager are suitably experienced in view of investing policy.	Majority of the board must be independent of any investment manager or of other funds managed by the same investment manager. No express provisions regarding experience.	No equivalent provisions.
Transferability of shares	Freely transferable (except for restrictions because of jurisdiction, statute or regulation or to limit the number of shareholders in a particular country to avoid being subject to a particular statute or regulation).	Freely transferable (this requirement can be modified or dispensed with in exceptional circumstances where there is a power to disapprove the transfer provided this power would not disturb the market in those shares).	Freely negotiable.
Minimum market capitalisation	£3 million (from independent sources).	£700,000.	No minimum.
Lock-ins	One year lock-in from admission for directors, investment manager (and its key personnel) and related parties.	None.	None.
Share dealing code	Not required but typically put in place to assist directors, investment manager (and its key personnel) and related parties in complying with restrictions on dealings during a close period.	Model Code.	Not required but should put in place to ensure directors, investment manager (and its key personnel) do not breach insider dealing legislation.
Pre-emption rights	No equivalent provisions.	Must provide pre-emption rights in constitution.	No equivalent provisions.

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Further share issue	No requirement to publish a new admission document. A prospectus will be required if there is an offer to the public. Shares can be issued below prevailing NAV unless contrary statement in existing admission document.	Prospectus required unless, <i>inter alia</i> , new shares over 12 month period represent less than 10% of existing shares admitted or another exemption applies. Unless authorised by shareholders, shares cannot be issued below prevailing NAV unless first offered <i>pro rata</i> to existing shareholders.	Prospectus required unless, <i>inter alia</i> , new shares over 12 month period represent less than 10% of existing shares admitted or another exemption applies. Shares can be issued below prevailing NAV unless contrary statement in existing prospectus.
Significant transactions	AIM Rules re: corporate transaction disclosures applicable. Transactions in accordance with investing policy that only breach profits and/or turnover test are not ‘substantial transactions’. Acquisitions in accordance with investing policy which do not result in a fundamental change of business or board and only exceeds 100% of the profits and/or turnover test are not reverse take-overs.	Listing Rules re: significant transaction only applicable to transactions outside the scope of published investment policy.	No equivalent provisions.
Cross holding	No restrictions but any cross holding risk should be a suitability for admission consideration.	No more than 10% of gross assets can be invested in other listed closed-ended investment funds (other than investment funds with a 15% limit to invest in other listed closed-ended investment funds).	No equivalent provisions.
Related party transactions	AIM Rules re: related parties are applicable requiring, <i>inter alia</i> , a fair and reasonable opinion from the company’s directors. The investment manager (and its key personnel) is considered a related party.	Listing Rules re: related party transactions are applicable, requiring in certain circumstances, <i>inter alia</i> , shareholder consent. The investment manager is considered a related party.	No equivalent provisions.
Investing policy	Prior shareholder consent required for any material change to investing policy. Shareholder consent required on an annual basis if not substantially invested within 18 months.	Prior shareholder consent required for any material change to investing policy. Investment policy must have object of spreading investment risk.	No equivalent provisions.
Financial reporting	Annual audited accounts and unaudited half-yearly financial reports to be sent to shareholders not later than six months and three months after the end of the financial period to which they relate respectively. Neither Annual Information Update or Interim Management Statement required.	Annual audited accounts and unaudited half-yearly financial reports to be sent to shareholders not later than four months and two months after the end of the financial period to which they relate respectively. Annual Information Update and Interim Management Statement required.	Annual audited accounts and unaudited half-yearly financial reports to be sent to shareholders not later than four months and two months after the end of the financial period to which they relate respectively. Annual Information Update and Interim Management Statement required.
Disclosure of price sensitive information	Announce any new price sensitive information without delay (including any change to the investment manager or any of its key personnel and could include cumulative investment changes).	Announce any new price sensitive information as soon as possible (including any change to the investment manager or any of its key personnel and could include cumulative investment changes).	Announce any new price sensitive information as soon as possible (including any change to the investment manager or any of its key personnel and could include cumulative investment changes).
Prohibition on significant trading activity	Yes.	Yes.	No.
Corporate governance	Not required to comply with the UK Corporate Governance Code but AIM vehicles often do if it is appropriate for a company of their size.	Required to comply with (or explain why not complied with) the UK Corporate Governance Code.	Not required to comply with the UK Corporate Governance Code.

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