

Client Alert.

February 2010

Changes to AIM Rules

By Paul Claydon, Natalie Diep, and James Gubbins

On 17 February 2010, the London Stock Exchange published AIM Notice 36 (the "Notice") together with the February 2010 version of the AIM Rules for Companies (the "AIM Rules").

The changes to the AIM Rules, which are effective from 17 February 2010, relate primarily to:

- Electronic communications; and
- Disclosure of directors' remuneration.

Electronic communications

The amendments to the guidance notes to AIM Rules 14 and 19 give all AIM companies (not just those subject to the Companies Act 2006) the ability to send annual reports and accounts and admission documents on a reverse takeover to shareholders using electronic communications.

The amended guidance to Rule 19 provides that an AIM company can (subject to its constitution and the law in its jurisdiction of incorporation) send accounts to shareholders electronically if it complies with the Companies Act 2006 or provided that the following requirements are met:

- a decision to use electronic communication to shareholders has been approved by a general meeting;
- appropriate identification arrangements ensure that shareholders are effectively informed; and
- shareholders individually:
 - have been requested in writing to agree to receive accounts by means of electronic communication. Such consent is deemed if they do not object within 28 days;
 - can request at any time that accounts be sent in writing; and
 - are alerted to the publication of the accounts on the relevant company's website.

There are other consequential amendments regarding electronic communication throughout the rules.

Provided that the requirements for electronic communication in the Companies Act 2006 are complied with, companies may communicate with their shareholders electronically; this includes the distribution of notices of general meeting, circulars to shareholders and admission documents.

Directors' disclosure requirements

The new directors' disclosure requirements contained in the AIM Rules apply to companies with a financial year-end on or after 31 March 2010. The amended rules clarify that the remuneration to be disclosed is that earned by the director in his capacity as a director of the AIM company. They also clarify that cash and non-cash benefits are to be captured and revise the wording in respect of pension contributions, which now requires disclosure of "the value of any contributions paid by the AIM company to a pension scheme".

The London Stock Exchange also confirmed in the Notice that the information disclosed as directors' remuneration is not required to be audited under the AIM Rules.

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