

AIM Regulation Announces Temporary Measures to Support Companies, Nominated Advisers Amid COVID-19

March 23, 2020

On 20 March 2020, AIM Regulation announced temporary measures for applying discretion to the application of certain AIM rules for companies and nominated advisers in light of restrictions and challenges due to COVID-19. AIM Regulation noted they will continue to keep the situation under review, in particular the potential impact on financial reporting, and will provide further guidance as necessary.

Temporary suspension of trading

AIM Regulation emphasises that timely and accurate disclosure is a key requirement under the AIM rules and all AIM companies should continue to meet their disclosure obligations without delay. It is therefore important that nominated advisers have a sound understanding of how their AIM companies are planning and responding to events as they unfold, so they are able to make disclosures in accordance with their AIM rules obligations.

AIM Regulation recognises that AIM companies may face material new developments as a result of the restrictions and challenges being caused by COVID-19. Accordingly, where an AIM company requires more time than usual to make a fully compliant notification, the nominated adviser should approach AIM Regulation to discuss whether a temporary suspension is required.

Any temporary suspension would be at AIM Regulation's discretion. AIM Regulation has stated that the request will need to fully explain why the suspension is appropriate in the circumstances and, if granted, will be limited to a period enabling the AIM company to make a fully compliant notification.

Suspended AIM companies

In ordinary circumstances, securities on AIM are cancelled where the company has been suspended for more than six months. Given current logistical challenges, AIM Regulation recognises that further time might be required to resolve the reason for the suspension. AIM Regulation will therefore use its discretion to extend the period to 12 months for any company suspended between 30 September 2019 and 1 July 2020.

Engagement responsibilities for a nominated adviser

A nominated adviser, as part of due diligence when engaging a new client, is generally required to visit the company's material place of operations, meet the directors and meet key managers.

If travel restrictions and social distancing measures make it difficult to meet this obligation and provided that a nominated adviser uses alternative reasonably available measures (such as virtual meetings), AIM Regulation will temporarily suspend the requirement for physical site visits. Once any applicable restrictions have been lifted, however, nominated advisers will be expected to

undertake the site visit in order to fulfil its obligations under the AIM rules. Further, AIM Regulation states that it understands that nominated advisers are likely to be undertaking telephone or virtual meetings with directors instead of physical meetings for providing directors' AIM rules education in the current circumstances.

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Key Contacts

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| Claire Keast-Butler London | ckeastbutler@cooley.com +44 20 7556 4211 |
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