

# SECURING THE FUTURE OF AIM: LONDON STOCK EXCHANGE SEEKS VIEWS

Following the overhaul last year of the listing regime for Main Market companies, the London Stock Exchange has published a [Discussion Paper](#) on the future of AIM. In particular, it seeks views on how the overall market framework could be improved, including further steps that could be taken to increase the flow of capital to AIM companies and liquidity in their shares, and how the *AIM Rules for Companies* could be streamlined. This briefing looks at the key changes to the AIM Rules being considered.

## Background and context

For the past 30 years AIM has been a central feature of UK capital markets. Since 2017, AIM has helped raise over £39 billion 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 five years. The Exchange is determined that AIM should remain a vital part of the funding continuum in the UK.

However, AIM faces various challenges, including:

- Lack of liquidity, which can also make it difficult for some fund managers to hold AIM shares
- Shortage of capital to invest in AIM companies
- Fiscal pressure to reduce the tax incentives to invest in AIM companies
- Lack of good quality investment research
- The first PISCES platforms, enabling shares of participating private companies to be traded on an intermittent basis, are likely to become operational later this year. Although such platforms should help companies grow and stay in the UK, and increase the pipeline of IPO candidates, some companies may apply for their shares to be traded on a PISCES platform as an alternative to going public. (For further details see our [briefing](#).)

- High costs for companies in getting admitted to AIM and in complying with the continuing obligations, including rising audit fees.

Many of these challenges are being addressed elsewhere, led by the Capital Markets Industry Taskforce: for example, through measures to increase the availability of pension scheme capital through structural and regulatory reforms; recalibrate expectations around corporate governance, stewardship and remuneration; encourage more retail investment in equities; and improve how investment research is funded and made available. The Exchange is therefore primarily concerned to address the issue of AIM regulation.

Following last year's changes to the Listing Rules (for further details see our [briefing](#)), the regulatory burden for AIM companies is no longer significantly lighter than for Main Market companies - and in some areas the AIM Rules are now more prescriptive than the Listing Rules. However, many companies on AIM are still at a growth stage and need regular injections of equity funding. They are also fairly small - the median market cap is £22 million, and the mean £97 million - with systems and controls and corporate governance arrangements that are typically less sophisticated than Main Market companies.

In calibrating the AIM regime, the Exchange therefore needs to balance the need to ensure that regulation is proportionate and not too expensive for companies to comply with against the need to protect investors - principally through disclosure - against the risks of investing in higher-risk companies. But in order to persuade companies to leave the private markets, where regulation is light, the Exchange rightly believes that the AIM Rules need to be streamlined: it seeks to do this without removing disclosures and other protections that investors really value. The key areas of potential change are summarised on the next page.

## Timing and next steps.

The consultation ends on 16 June 2025. After considering feedback, the Exchange will consult on the specific changes to the AIM Rules it proposes to make.

## AIM Rules: key areas of potential change

The Exchange seeks views on the following:

- **Nomad role:** how the role of a Nomad could be streamlined, especially on IPO and when a company joins AIM from another market (via the AIM designated market route), particularly in areas that are covered by due diligence or comfort provided by lawyers and/or accountants
- **Admission documents:** which information requirements could be dropped or reduced; and whether a simplified admission document should be permitted in certain circumstances
- **Working capital statement in an admission document:** whether the requirement for a working capital statement should be modified or even dispensed with entirely in some circumstances - for example, where the company's financial statements for three consecutive years have included "clean" audit reports (with no emphasis of matter) and were prepared on a going concern basis
- **Dual class share structures (DCSS):** whether there is any reason why companies should not be able to join AIM with a DCSS, particularly as this is now permitted on the Main Market
- **Permitted accounting standards:** whether companies should be permitted to use a wider range of accounting standards, such as their local GAAP, when preparing historical financial information for inclusion in an admission document or when publishing financial results after admission
- **Corporate governance:** whether, instead of having to follow a recognised corporate governance code of their choice, AIM companies should be able to comply with a simpler list of corporate governance requirements to be set out in the AIM Rules and, if so, what those requirements should be; and whether AIM companies should be allowed to pay their non-executive directors in shares
- **Substantial transactions:** whether the threshold for a substantial transaction should be raised from 10% to 25% in any of the class tests, to bring AIM into line with Main Market rules
- **Class tests:** whether the profits test should be dropped (in line with Main Market rules), on the basis that it regularly produces negative results or requires adjustments
- **Reverse takeovers:** whether the requirement for an admission document should be dropped and/or replaced with a reduced disclosure requirement based on Schedule Four of the AIM Rules; and whether shareholder approval should continue to be required where a transaction does not result in a fundamental change of business
- **Related party transactions (RPTs):** whether certain types of share plan-related transactions, and permitted indemnities for directors, should be exempted; and whether directors' remuneration should be carved out of the RPT rules and left to the AIM company's RemCom and board to determine
- **Price-sensitive information:** whether AIM Rule 11, which generally requires an AIM company to disclose price-sensitive information without delay, should be removed on the basis that it duplicates the requirement under article 17 of the UK Market Abuse Regulation to announce inside information as soon as possible
- **Second lines of security:** whether an admission document should no longer be required where a company seeks to get a second line of securities admitted to AIM - on the basis that lots of information on the company will already be in the public domain and the company will in any event have to disclose the rights attached to the new line of securities

## CONTACT



SIMON TYSOE  
PARTNER  
T: +44 (0)20 7090 3490  
E: [Simon.Tysoe@slaughterandmay.com](mailto:Simon.Tysoe@slaughterandmay.com)



RICHARD SMITH  
PARTNER  
T: +44 (0)20 7090 3370  
E: [Richard.Smith@Slaughterandmay.com](mailto:Richard.Smith@Slaughterandmay.com)



PETER BATEMAN  
KNOWLEDGE COUNSEL  
T: +44 (0)20 7090 4577  
E: [Peter.Bateman@slaughterandmay.com](mailto:Peter.Bateman@slaughterandmay.com)

**// In calibrating the AIM regime, the Exchange needs to balance the need to ensure that regulation is proportionate and not too expensive for companies to comply with against the need to protect investors - principally through disclosure - against the risks of investing in higher-risk companies. //**

London  
T +44 (0)20 7600 1200  
F +44 (0)20 7090 5000

Brussels  
T +32 (0)2 737 94 00  
F +32 (0)2 737 94 01

Hong Kong  
T +852 2521 0551  
F +852 2845 2125

Beijing  
T +86 10 5965 0600  
F +86 10 5965 0650

Published to provide general information and not as legal advice. © Slaughter and May, 2025.  
For further information, please speak to your usual Slaughter and May contact.

[www.slaughterandmay.com](http://www.slaughterandmay.com)