

Bird & Bird & Capital Markets Group: PLC Update

September 2018

Preparation for Corporate Governance Changes for AIM companies

AIM Regulation published the latest version of Inside AIM on 26 July 2018 which contained guidance on the preparations that AIM companies should make for the corporate governance changes that are coming into effect shortly on 28 September 2018.

With effect from 28 September 2018, an AIM company will need to disclose details of the recognised corporate governance code that it has adopted, how the company complies with this code and where it departed from it, an explanation of the reasons for doing so. The information should be reviewed annually and the website should include the date on which the information was last reviewed.

The guidance provided by the London Stock Exchange in the Inside AIM note covers the following:

Identifying a "recognised" corporate governance code

Unfortunately, a prescribed list of corporate governance codes has not been provided by the London Stock Exchange as it believes that AIM companies should have a range of options available at its disposal, depending on which best suits its needs, taking into account its specific stage of development, sector and size. That said, reference is made to the QCA Corporate Governance Code and the UK Corporate Governance Code as established benchmarks which AIM companies may seek to adopt. Where a company has a dual listing in their home state then a company can opt to report using an appropriate standard in that home jurisdiction, provided that the disclosure is available on their website and reviewed annually in accordance with the requirements of AIM Rule 26.

AIM companies should keep abreast of any changes to the recognised corporate governance code that they do elect to apply.

Periodical review of compliance

An AIM company should periodically review its corporate governance disclosures on an annual basis. The London Stock Exchange expects that, in most cases, this will be at the time that an AIM company produces its annual report and accounts. If a company has not produced those accounts by the time the requirements come into force on 28 September 2018 then the relevant disclosures should be included on the company's website. A company's website should also state when its disclosures were last reviewed in compliance with its chosen code.

Manner of corporate governance disclosures

The disclosures must be made on a company's website in order to comply with AIM Rule 26. The information should be clearly presented and easily accessible from the "AIM Rule 26" page of the company's website. It is acceptable for the corporate governance statement to be incorporated by reference (e.g. referring readers to a particular section of the company's annual report that contains details of the relevant disclosures). However, no matter where the disclosures are contained, they must be made available free of charge and the AIM Rule 26 section of a company's website should make it clear where a copy of the relevant materials can be read or obtained.

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