

AIM Rule Amendments: Cash Shells and Investing Companies

DENTONS

January 2016

Cash Shell definition introduced, automatic conversions eliminated, time limits for reverse takeovers following disposals halved and minimum fundraising requirements for Investing Company applicants doubled from 1 January 2016.

Following AIM Notices 42 and 43, the London Stock Exchange has made significant amendments to the AIM Rules and AIM Note for Investing Companies, effective 1 January 2016. The principal amendments are summarised below.

AIM Rule 15

Subject to exceptions, on a disposal of substantially all its assets, trading business or activity, an AIM company will no longer be automatically designated as an Investing Company. Instead it will be considered an 'AIM Rule 15 Cash Shell'.

Within six months of becoming an AIM Rule 15 Cash Shell, half the time previously permitted following a fundamental disposal, the company is required to conduct a reverse takeover or become an Investing Company under AIM Rule 8. Both methods of compliance require shareholder consent, related party notifications (where relevant) and publication of an admission document, and failure to comply within the time limit can result in the suspension of the company's AIM securities.

AIM Rule 8

The minimum cash amount an applicant seeking admission as an Investing Company must raise has been doubled from £3m to £6m.

Typically only independently obtained cash is permitted to contribute to the minimum requirement. Traditionally this is in the form of an equity fundraise, but the proceeds of a disposal under AIM Rule 15 are also likely to be considered by the Exchange as independently obtained.

Should you require any further information or advice on the above, contact any of our ECM team.

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