

Insights

AIM - CORONAVIRUS PRELIMINARY ACCOUNTS AND OTHER TEMPORARY MEASURES

23 March 2020

SUMMARY

The London Stock Exchange has published Inside AIM on temporary measures to support AIM companies and nominated advisers (nomads) through the current challenges. It has also written to nomads on the publication of prelims, following the FCAs note on this over the weekend.

Prelims and corporate reporting

We understand that AIM Regulation have written to nomads reminding them of their clients' obligation to publish their annual and half-yearly accounts within the prescribed timescales (within six months and three months respectively). For those companies that publish preliminary financial statements (prelims), they should follow the recent [FCA guidance](#) and consider a moratorium on the publication of their prelims for at least two weeks on the basis that due consideration is given by these companies to the unprecedented events in preparing their disclosures. It should be noted that this only applies to prelims, which are not a regulatory requirement on either AIM or the Main Market and not to announcements of audited results.

In its Q&A published over the weekend, the FCA confirmed that the announcement regarding prelims does not override a company's disclosure obligations, under the market abuse regime and similarly under AIM Rules 10 and 11, to notify the market of any changes to a company's trading and/or financial position without delay. In its Q&A, the FCA have highlighted that this may require the publication of a Q4 trading update or results where there are matters which would require disclosure which would have been revealed by the prelims.

Temporary suspension of trading

Companies should continue to comply with their disclosure obligations under the AIM Rules for Companies (AIM Rules). Nomads are expected to have a sound understanding of how companies are planning and responding to the events as they unfold. However, if a company is facing material

changes and requires more time to make a fully compliant disclosure, its nomad should approach AIM Regulation to discuss whether a temporary suspension is required. The request will need to:

- fully explain why the suspension is appropriate in the circumstances; and
- any decision to suspend will be at the discretion of AIM Regulation.

If granted, the temporary suspension will be for a limited period to enable the company to make a fully compliant notification.

Suspended AIM companies

During this time, AIM Regulation will be using its discretion to extend the period of suspension for AIM securities from six to 12 months to allow companies more time to resolve the reason for its suspension rather than facing cancellation after six months. This temporary relaxation will apply to companies suspended between 30 September 2019 and 1 July 2020.

Engagement responsibilities for a nomad

Under the AIM Rules for Nominated Advisers, when a nomad takes on a new client, it would normally carry out a site visit as part of the due diligence exercise. Given the current Government recommendations on travel and social distancing and provided the nomad uses alternative measures that are reasonably available ie. virtual meetings, AIM Regulation will temporarily suspend this requirement. As and when these restrictions are lifted, nomads will be expected to carry out site visits.

AIM Regulation also recognises that for the time being directors' education will be carried out over the phone and/or virtual meetings as opposed to physical meetings.

Inside AIM

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