The Chartered Governance Institute UK & Ireland

Saffron House
6-10 Kirby Street
London EC1N 8TS

+44 (0)20 7612 7014
pswabey@cgi.org.uk
cgi.org.uk

Peter Swabey FCG
Policy & Research Director

Jonathan Hallows
Head of Primary Market and AIM Regulation
The London Stock Exchange
10 Paternoster Square
London
EC4M 7LS

By email: aimnotices@lseg.com

2nd July 2026

Dear Mr Hallows

AIM NOTICE 62: CONSULTATION PAPER – PROPOSED AMENDMENTS TO THE AIM RULES FOR COMPANIES AND AIM DISCIPLINARY PROCEDURES AND APPEALS HANDBOOK – SHAPING THE FUTURE OF AIM

The Chartered Governance Institute is the professional body for governance and the qualifying and membership body for governance professionals across all sectors. Its purpose under Royal Charter is to lead effective governance and efficient administration of commerce, industry and public affairs, working with regulators and policymakers to champion high standards of governance and providing qualifications, training, and guidance. As a lifelong learning partner, the Institute helps governance professionals achieve their professional goals, providing recognition, community, and the voice of its membership.

One of nine divisions of the global Chartered Governance Institute, which was established 135 years ago, the Chartered Governance Institute UK & Ireland represents members working and studying in the UK and Ireland and many other countries and regions including the Caribbean, parts of Africa and the Middle East.

As the professional body that qualifies Chartered Secretaries and Chartered Governance Professionals, our members have a uniquely privileged role in companies' governance arrangements and are therefore well placed to understand the issues raised by this consultation document.

In preparing our response we have consulted, amongst others, with members of the Institute. However, the views expressed in this response are not necessarily those of any individual members, nor of the companies they represent. Our views on your proposals, together with some general comments, are set out below.

General comments

As we said last year in our response to the LSE consultation *Shaping the Future of AIM*, "AIM plays a vital role both in the UK economy and the UK capital markets. As such it is important that the rules underpinning AIM are regularly reviewed and updated." We went on to support many of the proposed changes but commented that we "do believe that LSE should be careful to balance the relaxations of rules to encourage more companies to join AIM against the potential associated loss of valued investor protections. Strong corporate governance is a significant advantage – indeed a USP – for the UK market from which both AIM and the companies listed thereon benefit."

While we support many of the proposed changes, there are some proposals which we feel go too far in the direction of relaxing rules without a corresponding benefit.

Growth is important. There is clear evidence that the UK market is shrinking, and a package of reforms is required that will reinvigorate the attractiveness of the UK to newly listing companies and new public capital. A thriving AIM market is a key element to support this. However, there are many reasons why companies choose to list on a particular market. We have noted some voices in the market who seek to emphasise the significance of governance issues at the expense of the more significant issues affecting choice of listing regime, in some cases because it suits their commercial interests to do so. Our view remains that the minutiae of the UK governance regime is definitely not a primary factor in the choice of listing regime and is, indeed, a minor one. In recent consultations on the future of the listing regime, The Financial Conduct Authority has identified such factors as the macroeconomic environment, taxation, depth of capital markets, valuations, research coverage, indexation, founder preferences, home market bias or company-specific considerations, such as the location of operations, customers, or investors and many other aspects besides. In our view these are all far more significant factors in swaying decisions on whether and where companies choose to list.

The challenge for LSE - and the focus of the debate that we have had amongst members - is how and where to balance the relaxations of rules to encourage more companies to list in the UK market against the potential associated loss of valued investor protections.

Whilst we accept that a relaxation in legal and regulatory requirements does not mean there has to be a diminution in good governance overall, that can be an outcome, and it is one that we wish to avoid. Our view, as the professional body for governance is, quite simply, that achieving an increase in companies listing in the UK, whether on AIM or on the main market is not an end in itself. It is desirable, but only if the companies that are attracted to list are desirable too. The focus should be on quality rather than quantity of new listings. In our view, those companies which are deterred from an AIM listing by the relatively light touch governance requirements of the current AIM may well be companies that we should not be wanting to do so. They seem to be giving evidence that something is not up to the required standard.

Specific points on the consultation proposals

4. Greater Flexibility to Support Innovative and Growing Companies

We are aware of some views in the market that companies with dual-class shares should not be permitted to list. From a governance perspective, we see no objection to dual-class shares provided that the respective class rights are clear on admission and there are appropriate restrictions in place to prevent these being subsequently changed without the consent of shareholders.

5. Providing greater agency for AIM companies

We agree with the Exchange's view that "a 'one size fits all' corporate governance requirement does not support AIM companies or their investors." However, we disagree with the proposed solution. In our view the current "comply or explain" regime against a recognised code offers enormous flexibility for companies to report against a market standard, developed over a number of years. Both the FRC, in respect of the UK Corporate Governance Code, and other regulators have been very clear that a good explanation is an adequate substitute for compliance; indeed there is a strong view that an explanation can often be better because companies will have thought more deeply before proffering one to shareholders. As far as those companies that claim to feel "compelled to comply with standardised governance provisions rather than explain their approach", this seems to us to be protesting too much – investors are allowed to disagree with an approach that the company has taken and if they do, perhaps it should be the company that reconsiders. We strongly believe that AIM Rule 26 should be left as it is.

If it would be helpful for the Exchange to discuss these issues with some practitioners whilst developing thinking around that consultation, the Institute would be happy to facilitate this.

If you would like to discuss any of the above comments in further detail, please do feel free to contact me.

Yours sincerely,

Peter Swabey FCG

Policy and Research Director
The Chartered Governance Institute UK & Ireland