Cooley

A New AIM: Key Proposed Reforms Impacting Innovative High-Growth Companies

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The London Stock Exchange (LSE) has set out significant proposed reforms to the AIM Rules for Companies (AIM Rules), with the important aim of refocusing and repositioning AIM compared to the Main Market and other international markets.

For innovative high-growth companies – particularly those in the technology and life sciences sectors, which make up a significant part of AIM's growth-company ecosystem – several of the proposed changes are directly relevant. Below, we highlight the developments we consider most significant and share our perspective on each.

Shaping the future of AIM

The proposals – recently published in AIM Notice 62 and building on the broadly positive market reception to the LSE's November 2025 Feedback Statement – are designed to modernise AIM, reduce unnecessary admission burdens and give founder-led, innovative and growing companies greater flexibility to operate when listed on AIM. A consultation on the proposals is open until 2 July 2026.

Running through all of these proposals is AIM's explicit "buyer beware" market model. For the first time, the LSE is proposing to include this characterisation in the introduction to the AIM Rules themselves – making clear that AIM is a market for growth companies that carry a higher risk profile than the LSE Main Market, and that investors must form their own view of the merits and risks of any AIM investment. A proposed reduced regulatory burden for companies is, in other words, matched by an unambiguous statement of investor responsibility.

The working capital statement is going – a meaningful change for pre-revenue companies

Under the current AIM Rules, directors are required to include in the admission document a clean working capital statement confirming that the company has sufficient working capital for the next 12 months following admission. That requirement is supported by a working capital report prepared by a firm of accountants. The working capital diligence exercise can be costly and time-consuming, and the end result – the working capital report – is a private document not available to end investors, only covering a 12-to-18-month horizon.

In practice, this has been a pain point we frequently encounter for early-stage companies considering AIM. For tech and life sciences businesses – particularly those that are pre-profitability, reliant on milestone-linked financing or building out commercial infrastructure post-approval – making the unqualified positive statement that the current rules require has often been extremely difficult.

The LSE is proposing to replace the working capital statement with a requirement to clearly disclose the company's capital resources, financial obligations and anticipated fundraising needs over the 12 months following admission. The shift – from a binary statement to a qualitative, disclosure-based framework – is more proportionate and better reflects how sophisticated investors in these sectors assess financial risk. It is also more honest. Early-stage companies should be able to tell their story clearly, including the fact that they expect to return to market for further capital, without that disclosure being treated as a disqualifying factor.

One practical issue remains worth flagging. Auditors must still be satisfied as to going concern status when signing off on a company's annual accounts – and for early-stage companies with limited cash runway or uncertain funding outlooks, obtaining that sign-off can be a challenging process. If this process results in the

accounts being published after the six-month deadline required by AIM Rule 19, this will trigger a suspension of the AIM listing, an outcome that the removal of the requirement for the working capital statement in the Admission Document does not prevent. Early and ongoing dialogue with auditors on going concern status therefore remains as important as ever, despite the other benefits of the proposed reform package.

UK GAAP is now accepted – a significant cost saving at admission

AIM companies incorporated in the UK may now use UK generally accepted accounting principles (GAAP) (FRS 102) rather than International Financial Reporting Standards (IFRS). Other local GAAPs may also be permitted where IFRS equivalency can be demonstrated. This change has already been applied in practice following the Feedback Statement and is now being formally incorporated into the AIM Rules.

For many UK tech and life sciences companies – particularly those whose sector peers also report under UK GAAP – this removes a significant and often costly accounting conversion exercise at the point of admission. It is worth noting, however, that companies with longer-term ambitions to step up to the LSE's Main Market or list on US markets (including Nasdaq) as foreign private issuers will ultimately need to report in IFRS or US GAAP. Forward planning on accounting standards, and on the timing of upgrades to internal financial controls and reporting processes, remains important.

The Capital Access Window – managing fundraisings more effectively

For AIM companies – and particularly for life sciences businesses that regularly return to market for follow-on capital – one of the persistent practical challenges has been managing a fundraising process without inadvertently creating price volatility or information leakage. The dispersed investor bases that are common among AIM-listed life sciences companies compound the problem: Coordinating an approach to retail investors alongside institutional investors, while a live share price moves, has been a real execution risk.

The proposed Capital Access Window addresses this directly. AIM companies undertaking an equity fundraise will be able to voluntarily request a temporary trading suspension, creating a controlled window in which to approach investors – including retail investors – without the pressure of a live market. This builds on the framework introduced by the UK's Public Offers and Admissions to Trading Regulations 2024 which permit greater retail investor participation in secondary offers on AIM (and the Main Market) without a prospectus.

The LSE has confirmed that requests for a Capital Access Window will be considered on a case-by-case basis, without a prescribed duration. That flexibility is the right approach; it reflects the reality that the needs of a seasoned life sciences issuer undertaking its fifth follow-on financing will differ from one accessing the market for the first time post-admission. Engaging early with your legal advisors, your Nominated Adviser and the LSE's AIM team as a fundraising takes shape will be essential to making effective use of this mechanism.

Founder-friendly structures – dual-class shares and remuneration flexibility

Two of the proposed changes are particularly targeted at the founder-led companies that are central to AIM's growth-company ecosystem.

First, special voting shares will be permitted at admission, enabling founders to retain control while accessing public capital markets. This mirrors the dual-class share structures that have been available on the Main Market substantively since 2025 and brings AIM into line with several of its international competitors. It removes what has been a structural barrier for ambitious founder-led businesses that have considered – and in some cases ruled out – an AIM admission.

Second, Nominated Advisers will no longer be required to provide a fair and reasonable opinion on nonstandard

director remuneration arrangements where they are satisfied that reasonable commercial protections are in place. Where there is uncertainty, it can be resolved by putting the matter to a shareholder vote – a mechanism that aims to strike a balance between founder-friendly flexibility and investor protection. For tech and life sciences companies, where competitive remuneration packages are essential to attracting and retaining specialist talent, this is a practical and welcome change.

Governance – five areas and an issuer-specific approach

AIM companies will no longer be required to adopt and "comply or explain" against a specific corporate governance code. Instead, they will be expected to provide disclosure across five areas that investors have identified as consistently important: board composition; directors' roles and responsibilities; remuneration and performance; risk and controls framework; and approach to investor relations.

This is a meaningful shift, in line with the proposed move toward greater investor responsibility and the aim of effective regulation. Many innovative growth companies have governance structures that are well-designed for their stage of development and investor base but do not map neatly onto any recognised code. The obligation to "explain" departures from a prescribed template has, in practice, often generated boilerplate disclosure – even if comparative benchmarking was a commendable aim. Requiring disclosure against five investor-prioritised areas, while leaving companies free to design governance arrangements appropriate to their circumstances, is arguably a more intelligent approach and has the potential to deliver more meaningful governance reporting. For investors, while there may be a little more work to do to understand, substantively and comparatively, the governance arrangements of each company, the hope would be that improved quality of governance disclosures will not make this burdensome.

The LSE is also proposing to give AIM companies the ability to disclose engagement with proxy advisors and a voluntary "right of reply" to third-party commentary, speculation or criticism – including on social media and investor bulletin boards. The LSE has been clear that misleading and sometimes abusive content posted anonymously about AIM companies and their directors on bulletin boards has been damaging to market confidence. AIM companies will now have the ability to respond formally and "on the record".

Acquisitions – reduced friction for 'buy-and-build' strategies

Two changes reduce the regulatory friction associated with acquisition activity. The threshold for a transaction to constitute a "substantial transaction" – triggering shareholder disclosure requirements under AIM Rule 12 – is proposed to increase from 10% to 25% of class test thresholds, aligning AIM with the Main Market.

More significantly, an acquisition will no longer automatically be classified as a reverse takeover simply because it exceeds 100% in the class tests. What will matter is whether the acquisition results in a fundamental change to the company's business, board or voting control. Under the previous approach, major acquisitions could trigger a full reverse takeover process – including a suspension of trading, a new admission document, a working capital report and updated financial statements – solely because of their size, regardless of whether they were genuinely transformative or fundamental to the company's business. Many issuers and advisors will be aware of instances in which the old regime could apply disproportionate requirements for acquisitive companies, and the effort to correct this is notable.

For AIM companies pursuing buy-and-build strategies – a growth model that is particularly common among tech businesses assembling complementary capability stacks – these proposed changes have the potential to meaningfully reduce both cost and execution risk.

Other changes worth noting

AIM Notice 62 also proposes a new Express Market route to replace the current AIM Designated Market admission route. The new route is designed to give a broader range of international companies – those listed on

markets operating to International Organization of Securities Commissions (IOSCO) standards – a streamlined path to AIM admission. There is also a new dual-market applicant route for companies seeking simultaneous admission to an Express Market and AIM, reducing the documentation burden for those transactions.

A separate consultation (AIM Notice 63) covers proposed changes to the AIM Rules for Nominated Advisers, including a reorientation of the Nominated Adviser role toward public corporate finance expertise rather than compliance monitoring – a shift that is likely to be welcomed by AIM companies and their advisors alike.

Conclusions

Taken together, the proposals in AIM Notice 62 represent the most substantive recalibration of AIM's regulatory framework in years – and, for innovative and growing companies, the proposals appear to be, largely, in the right direction. The shift from binary compliance requirements to proportionate, disclosure-based frameworks; the removal of structural barriers to founder control; and the practical improvements to how fundraisings and acquisitions are managed, all show thoughtful consideration of the role of AIM in the changed public markets landscape, as well as promise in understanding AIM's core constituency of companies and investors and their needs. The consultation closes on 2 July 2026.

If you would like to discuss how the proposals affect your specific situation, please reach out to the Cooley capital markets team.

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