



Governance in AIM companies

2018 Corporate governance reforms
KPMG Board Leadership Centre



The London Stock Exchange has announced that all AIM companies will need to report on their application of a recognised corporate governance code with effect from 28 September 2018. To coincide with the changes, the Quoted Companies Alliance (QCA) have released an updated version of their Corporate Governance Code.

The AIM rules

Until recently, AIM companies have had the choice of either stating on their website which corporate governance code they followed or noting that they did not follow a specific code and setting out their own arrangements. Under the new rules, the second option is no longer available.

The updated rules state that all AIM companies will have to report on their website:

- details of a recognised corporate governance code that the board of directors has decided to apply;
- how the company complies with that code; and
- where it departs from its chosen code an explanation of the reasons for doing so.

This information should be reviewed annually and the website should include the date on which this information was last reviewed.

The implementation of this requirement will take effect from 28 September 2018. However, all new applicants from 30 March 2018 will be required to state which corporate governance code they intend to follow but otherwise will have until 28 September 2018 to comply.

The QCA Code

The Quoted Companies Alliance (QCA) have updated their Corporate Governance Code for small and mid-sized quoted companies.

The Code is constructed around ten broad principles (accompanied by an explanation of what these principles entail) and a set of disclosures. It is designed to provide a proportionate, principles-based approach for growing companies to articulate their corporate governance arrangements and earn the confidence of shareholders and other stakeholders as they develop and mature.

The QCA Code does not refer to specific legal or regulatory requirements and use of the Code does not exempt a company from Listing Rule and other requirements.

The QCA Code can be accessed [here](#). Its free for QCA members but a fee is payable by non-members.

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