

AIM ITALIA RULES FOR NOMINATED ADVISERS • 3 DECEMBER 2009

AIMItalia

AIM Italia Rules for Nominated Advisers

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Introduction

Pursuant to the **AIM Italia Rules for Companies**, a **nominated adviser** is responsible to **Borsa Italiana** for assessing the appropriateness of an **applicant** for **AIM Italia**, or an existing **AIM Italia company** when appointed its **nominated adviser**, and for advising and guiding an **AIM Italia company** on its responsibilities under the **AIM Italia Rules for Companies**.

The **AIM Italia Rules for Companies** state that a **nominated adviser** must be approved by **Borsa Italiana** and included on the current **AIM Italia register** maintained by **Borsa Italiana** so acquiring the status of **nominated adviser**.

A copy of this **register** is available for public inspection on **Borsa Italiana's** website: although the definitive list is kept by **Borsa Italiana**.

These **AIM Italia Rules for Nominated Advisers** ("these rules") set out the eligibility, ongoing obligations and certain disciplinary matters in relation to **nominated advisers**.

These rules should be read in conjunction with the **AIM Italia Rules for Companies** and the **Disciplinary Procedures and Appeals Handbook**.

Terms in bold in these rules have the meanings set out in the **AIM Italia Rules for Companies**, or as otherwise set out in the Glossary at the end of these rules.

Part One

Nominated adviser eligibility criteria and approval process

Criteria for becoming a nominated adviser

1. General

The **Criteria** are the requirements that an applicant must satisfy before **Borsa Italiana** will consider approving it as a **nominated adviser**. These **Criteria** are in addition to any legal or regulatory authorisation required by an applicant in any jurisdiction in which it operates. **Borsa Italiana** is able to exercise discretion as to the application and interpretation of the **Criteria**, as it thinks fit.

An applicant will not necessarily be approved even if it satisfies the **Criteria**. When deciding whether or not an applicant should be approved as a **nominated adviser**, **Borsa Italiana's** overriding consideration will be the preservation of the reputation and integrity of **AIM Italia**. Accordingly, **Borsa Italiana** reserves the right to decline an application or impose conditions on approval as **Borsa Italiana** thinks fit notwithstanding that an applicant otherwise satisfies the **Criteria**.

2. The Criteria

An entity seeking approval as a **nominated adviser** must demonstrate to **Borsa Italiana's** satisfaction that:

- It is a company that has elected a board of directors and appointed a supervisory body (individuals are not eligible) of good standing;
- it has had its annual accounts audited by an auditing firm (including the firms entered in the register of auditors);
- It has practiced Corporate Finance for an appropriate period of time (being usually at least two years) and as an entity it has appropriate experience of providing competent and quality advice in relation to corporate finance transactions (by way of *relevant transactions*);
- it has adequate staff for its activities;
- it has adequate **key executives** of good standing with appropriate experience (by way of *relevant transactions*) and expertise in corporate finance, market practice and the legal and regulatory framework for corporate finance including these Rules and the **AIM Italia Rules for Companies**;
- it has adequate controls and procedures in place in order to comply with these rules (as set out in the firm's *corporate finance* compliance manual).

The indication to have a two-year track record in *corporate finance* can be disregarded by **Borsa Italiana**, where it determines that the applicant has highly experienced **key executives** (for example where substantially the entire team of **key executives** transfers from an existing **nominated adviser**).

The requirement to practise *corporate finance* means that the entity (or in some cases a separate division of it) should have practised as its principal business the provision of corporate finance advice, such as advising on public market fundraisings. This should be distinguished from the provision of legal advice or accounting services in relation to corporate finance transactions, which would not qualify for the purposes of the **Criteria**.

For the purpose of identifying a relevant transaction, **Borsa Italiana** may take into account transactions on shares of issuers listed on a Regulated Market requiring a **Prospectus** or equivalent in any EU country or transactions involving acting for the offeror on the take-over of a public company within an EU country which requires the publication of an offer document. **Borsa Italiana** will at its discretion consider similar initial public offerings or other major corporate transactions for publicly quoted companies (including mergers and acquisitions requiring the publication of a public information document in accordance with the regulation issued by Consob or the relevant competent Authority) whether within an EU country or elsewhere in the world.

3. Overriding principle of the preservation of the reputation and integrity of AIM Italia

In addition to the **Criteria**, **Borsa Italiana** will consider whether the approval of an applicant might endanger the reputation or integrity of **AIM Italia** and reserves the right to reject an applicant on these grounds even if an applicant otherwise meets the **Criteria**.

Process for becoming a nominated adviser

4. Application forms and documentation

An applicant seeking approval as a **nominated adviser** must complete and submit to **Borsa Italiana** the following (all of which are available at www.borsaitaliana.it):

- Form NAI1;
- Forms NAI2 for each of the proposed **key executives**
- all supporting documentation requested within the above Form (and in particular at the beginning of Form NAI1); and
- a bank transfer made payable **Borsa Italiana** in respect of the application fee payable (the current fee is set out in the publication entitled 'AIM Italia Fees for Companies and Nominated Advisers' as published by **Borsa Italiana** from time to time).

Borsa Italiana reserves the right to request any other information, documentation or confirmations from the applicant or other **persons** as it might require in order to consider or progress an application.

5. Application fees

At the same time that any application form is submitted, the applicant must submit the requisite fee to **Borsa Italiana** in order for its application to be processed.

This fee is non-refundable whether or not the applicant is subsequently approved as a **nominated adviser**.

The application fee is in addition to the annual fee which is payable upon approval as a **nominated adviser**, and subsequently, at the rates set out in and in accordance with the 'AIM Italia Fees for Companies and Nominated Advisers' as published by **Borsa Italiana** from time to time.

6. Interview

Borsa Italiana may conduct interviews of some or all of the proposed **key executive(s)**, and relevant persons at the applicant, in order to assess how the applicant complies with the **Criteria**. Such interviews will be conducted either at **Borsa Italiana** or at the applicant's premises. Costs incurred by **Borsa Italiana** (for example accommodation and travel) in visiting the applicant's premises will be reimbursed by the applicant.

7. Appeals

An applicant will be informed privately, in writing (including by email), of the decision of **Borsa Italiana** concerning whether to approve the applicant or not as a **nominated adviser**.

If an applicant is approved, **Borsa Italiana** will include with its written decision a list of the **nominated adviser's** employees that are considered as **key executives**.

Any such decision of **Borsa Italiana** may be appealed by an applicant in accordance with the **Disciplinary Procedures and Appeals Handbook**.

Continuing eligibility for nominated advisers

8. Continuing eligibility

A **nominated adviser**, once approved, must satisfy (to **Borsa Italiana's** satisfaction) the requirements of rule 2 as well as the overriding principle of the preservation of the reputation and integrity of **AIM Italia**, on a continuing basis at all times as if it were a new applicant.

A **nominated adviser** must regularly consider whether it and its **key executives** continue to meet the requirements of these rules. If at any time a **nominated adviser** believes it or a **key executive(s)** might not satisfy these requirements, it must inform **Borsa Italiana** forthwith.

Borsa Italiana may at any time request any information from a **nominated adviser** and/or a **key executive** it requires, including submission of all or any of the forms and documentation set out at rule 4, in order for it to consider and determine whether a **nominated adviser** is still eligible.

Borsa Italiana may at any time conduct interviews and/or tests of the **nominated adviser** and its **key executive(s)** in order to ensure that it has maintained an understanding of corporate finance and these rules and the **AIM Italia Rules for Companies**. The provisions of rule 6 in relation to interviews will apply as appropriate.

If **Borsa Italiana** finds that a **nominated adviser** has fallen below the requirements of this rule, **Borsa Italiana** may remove **nominated adviser** status or impose conditions on the **nominated adviser's** ability to act as a **nominated adviser** (including the imposition of a moratorium pursuant to rule 25. Any such decision of **Borsa Italiana** may be appealed by such **nominated adviser** as a non-disciplinary appeal in accordance with the **Disciplinary Procedures and Appeals Handbook**.

9. Departing or new key executives

A **nominated adviser** must inform **Borsa Italiana** forthwith of any changes **with** reference to **key executives**. Where changes occur, the provisions of rule 8 above will be considered by **Borsa Italiana**.

A **nominated adviser** should submit a Form NAI2 in respect of any employee who it proposes be approved as **key executive**

10. Payment of annual fees and notification requirements

In order to remain eligible, a **nominated adviser** must pay the annual fees as set by **Borsa Italiana** from time to time in respect of each year it wishes its name to remain on the **AIM Italia register**. It must make such payments within the time limits imposed by **Borsa Italiana** in the 'AIM Italia Fees for Companies and Nominated Advisers' as published by **Borsa Italiana** from time to time .

A **nominated adviser** should inform **Borsa Italiana** (by email) as soon as possible of any matters that may affect it being a **nominated adviser** including:

- changes to its name, controlling shareholders or partners, its address or places of business;
- receipt of any written warning or disciplinary communication from any other regulatory body; or
- any material adverse change in its financial or operating position, including where it is considering appointing administrators or similar practitioners.

Part Two

Continuing Obligations of a Nominated Adviser

General obligations

11. Appropriateness of an AIM Italia company

The **nominated adviser** to an **AIM Italia company** is responsible to **Borsa Italiana** for assessing the appropriateness of an applicant for **AIM Italia**, or an existing **AIM Italia company** when appointed as its **nominated adviser**.

Where a **nominated adviser** believes that an **AIM Italia company** for which it acts as **nominated adviser** is no longer appropriate for **AIM Italia** it must contact **Borsa Italiana**.

12. Compliance with the rules

A **nominated adviser** shall be bound by and observe:

- these rules and the **AIM Italia Rules for Companies**, including any guidance notes issued by **Borsa Italiana**;
- any rules and procedures set out in any supplementary documentation issued by **Borsa Italiana** under these rules;
- the provisions of any notices issued by **Borsa Italiana**; and
- any requirement, decision or direction of **Borsa Italiana**.

Each **nominated adviser** should nominate a person within its firm to act as **Borsa Italiana's** principal contact on compliance matters. That person should be a senior person within the firm's compliance function or its corporate finance team.

13. Due skill and care

A **nominated adviser** must act with the due skill and care at all times.

Nominated adviser responsibilities

14. Advising and guiding an AIM Italia company

The **nominated adviser** is responsible to **Borsa Italiana** for advising and guiding an **AIM Italia company** on its responsibilities under the **AIM Italia Rules for Companies** both in respect of its **admission** and its continuing obligations on an ongoing basis. A **nominated adviser** must be available to advise and guide **AIM Italia companies** for which it acts at all times.

A **nominated adviser** should allocate an adequate number of appropriately qualified staff to be responsible for each **AIM Italia company** for which the **nominated adviser** acts in that capacity, including at least one **key executive**, in order to ensure an appropriate corporate finance contact with knowledge of the **AIM Italia company** is available at all times.

15. Nominated adviser responsibilities

In deciding whether a **nominated adviser** has complied with these rules and the undertakings it has provided to **Borsa Italiana** in its **nominated adviser's declaration**, **Borsa Italiana** will have regard to the matters set out in Schedule Three, which should be exercised with the due skill and care and after due and careful enquiry.

Information obligations

16. Liaison with Borsa Italiana

A **nominated adviser** must provide **Borsa Italiana** with any information, in such form and within such time limits as **Borsa Italiana** may reasonably require. A **nominated adviser** should reasonably satisfy itself that all such information provided by it is correct, complete and not misleading and, if it comes to the subsequent attention of the **nominated adviser** that the information provided does not meet this requirement, the **nominated adviser** should advise **Borsa Italiana** as soon as practicable.

A **nominated adviser** must liaise (and be available to liaise) with **Borsa Italiana** when requested to do so by **Borsa Italiana** or an **AIM Italia company** for which it acts and should be contactable at all times, in particular during **Borsa Italiana's** market hours.

A **nominated adviser** must, at the earliest opportunity, seek the advice of **Borsa Italiana** in any situation where it is unsure as to the application or interpretation of these rules or the **AIM Italia Rules for Companies** or it has a concern about the reputation or integrity of **AIM Italia**. It should be noted that on detailed or specific regulatory matters **Borsa Italiana** will not liaise with **nominated advisers** (or **AIM Italia companies** or other advisers) on a 'no-names' basis.

A **nominated adviser** should advise **Borsa Italiana** as soon as practicable if it believes that it or an **AIM Italia company** has breached the **AIM Italia Rules for Companies** or these rules.

All communications between **Borsa Italiana** and a **nominated adviser** are confidential to **Borsa Italiana** and should not be disclosed, except as required by any other regulatory or statutory body. Such communications can be disclosed to appropriate advisers to the **nominated adviser** or to the relevant **AIM Italia company**, unless **Borsa Italiana** states otherwise.

17. Becoming or ceasing to be nominated adviser to an AIM Italia company

A **nominated adviser** must submit to **Borsa Italiana** a completed **nominated adviser's declaration** in relation to any **applicant** seeking **admission** (in accordance with the **AIM Italia Rules for Companies**) or where that **nominated adviser** becomes **nominated adviser** to an existing **AIM Italia company**.

Where a **nominated adviser** ceases to act for an **AIM Italia company**, it must inform **Borsa Italiana** as soon as possible (by email) and must include with that notification the reason why it has ceased to act.

Independence and conflicts

18. Independence on a continuing basis

A **nominated adviser** must be able to demonstrate to **Borsa Italiana** that both it and its executives are independent from the **AIM Italia companies** for which it acts such that there is no reasonable basis for impugning the **nominated adviser's** independence.

Where **Borsa Italiana** requires a **nominated adviser** to demonstrate clearly that neither its independence nor that of any of its executives has or will be compromised by any potential conflict of interest, the burden of proof will be upon the **nominated adviser**.

In cases of doubt about its independence a **nominated adviser** should consult **Borsa Italiana** in advance of entering into any arrangements.

Schedule One sets out further rules in relation to the independence of a **nominated adviser**.

19. Conflicts of Interest

A **nominated adviser** must not have, and must take care to avoid, the semblance of a conflict between the interests of the **AIM Italia companies** for which it acts and those of any other party.

In particular, a **nominated adviser** must not act for any other party to a transaction or take-over other than its **AIM Italia company** client.

Procedures, staff and records

20. Proper procedures

A **nominated adviser** must ensure that it maintains procedures which are sufficient for it to discharge its ongoing obligations under these rules. The **nominated adviser** should ensure that its compliance and procedures manual (or similar) reflects and takes account of the requirements of these rules, as appropriate.

In particular, it must ensure that any members of staff are properly supervised by a **key executive** at all appropriate times in relation to matters relating to **AIM Italia companies**.

21. Adequacy of Staff

A **nominated adviser** must ensure that it has sufficient **key executives** (and other corporate finance staff) to discharge its obligations as a **nominated adviser** under these rules at all times. In assessing whether it has sufficient staff, a **nominated adviser** must have regard to the number and type of **AIM Italia companies** for which it acts.

22. Maintenance of appropriate records

A **nominated adviser** must retain sufficient records to maintain an audit trail of the key discussions it holds with, advice which it has given to, and the key decisions it has made in respect of, the **AIM Italia companies** for which it acts as **nominated adviser**. A **nominated adviser** should ensure that it is able (including by keeping appropriate records) to demonstrate the basis for advice given and key decisions taken, such as internal considerations and any actions taken prior to the advice being given. Such records must be retained whilst a firm is **nominated adviser** to a company and for at least three years after it ceases to be **nominated adviser**.

When performing a review of a **nominated adviser**, **Borsa Italiana** will look for clear evidence that at least those matters set out in Schedule Three have been considered and that appropriate actions have been taken in order to ensure compliance with these rules and the **AIM Italia Rules for Companies**.

Part Three

Review and Discipline of a Nominated Adviser

23. Review of nominated advisers

A **nominated adviser** may be subject to a formal review by **Borsa Italiana** to ensure that it has fully discharged its responsibilities under these rules and the **AIM Italia Rules for Companies**. A **nominated adviser** must ensure that its **key executives** co-operate fully with **Borsa Italiana** and that the **key executive** who was responsible for a transaction is available to answer any questions by **Borsa Italiana** about any relevant matter.

A **nominated adviser** must allow **Borsa Italiana** officers access to its records (hard and electronic copies) and business premises when so requested by **Borsa Italiana**.

According to these Rules the **nominated adviser** is required to make available to **Borsa Italiana** all documents (hard and electronic copies) in relation to an admission transaction or in relation to an issuer.

24. Disciplinary action against a nominated adviser

If **Borsa Italiana** (in accordance with the procedures set out in the **Disciplinary Procedures and Appeals Handbook**) considers that a **nominated adviser** is either in breach of its responsibilities under these rules or the **AIM Italia Rules for Companies** or that the integrity and reputation of **AIM Italia** has been or may be impaired as a result of its conduct or judgment, **Borsa Italiana** may in relation to such **nominated adviser** take one or more of the following actions:

- issue a **warning notice**;
- levy a fine;
- remove the **nominated adviser** from the **register**; and
- publish the action **Borsa Italiana** has taken..

25. Moratorium on acting for further AIM Italia companies

Where, in the opinion of **Borsa Italiana**, a **nominated adviser** no longer meets the requirements of Part One of these rules or it is not meeting its responsibilities under these rules or it has insufficient staff pursuant to rule 21 of these rules or it is the subject of disciplinary action by **Borsa Italiana**, **Borsa Italiana** may prevent that **nominated adviser** from acting as a **nominated adviser** to any additional **AIM Italia companies** until that situation is resolved to **Borsa Italiana's** satisfaction.

Borsa Italiana may make the imposition of any moratorium public by way of an AIM Italia **notice** published through a **Regulatory Information Service** and/or marking the **register** accordingly.

26. Appeals by nominated advisers

Where **Borsa Italiana** takes any steps against a **nominated adviser** pursuant to these rules, any decision of **Borsa Italiana** in relation to these rules or the **AIM Italia Rules for Companies** in respect of a **nominated adviser** may be appealed by that **nominated adviser** in accordance with the procedures set out in the **Disciplinary Procedures and Appeals Handbook**.

27. Publication of the removal of nominated adviser status

Where **Borsa Italiana** removes **nominated adviser** status (for example, due to disciplinary action or it failing to continue to meet the eligibility criteria set out in Part One of these rules) or where a **nominated adviser** requests to have that status removed, **Borsa Italiana** will notify such removal by way of an AIM Italia **notice** published through a **Regulatory Information Service** and/or mark the **register** accordingly.

Glossary

Criteria	The criteria set out in rule 2 of these rules.
Financial Reporting System	The procedures established which provide a reasonable basis for the directors to make proper judgements as to the financial position and prospects of the Issuer and its group
key executive	A full time senior employee of the Nominated Adviser or applicant as set out in Rule 2.
MTF	A Multilateral Trading Facility as defined in MIFID
Nominated adviser's declaration	The declaration to be given by the nominated adviser to an AIM Italia company as required in the AIM Italia Rules for Companies which should be in the form set out in Schedule Two of these rules.

Schedules

Schedule One - Independence in relation to rule 18

For the avoidance of doubt:

- A **nominated adviser** may not act as both **auditing firm** on the one hand and **nominated adviser** to an **AIM Italia company** on the other unless it has satisfied **Borsa Italiana** that appropriate safeguards are in place;
- No partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee may hold the position of a director of an **AIM Italia company** for which the firm acts as **nominated adviser**;
- No **nominated adviser** or partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee either individually or collectively may be a **substantial shareholder** (i.e. 10% or more, taking into account options, warrants or similar that it may hold as if they have been exercised) of an **AIM Italia company** for which the firm acts as **nominated adviser**;
- A **nominated adviser** or partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee may be a shareholder with a relevant holding (i.e. 3% or more, taking into account options, warrants or similar that it may hold as if they have been exercised) of an **AIM Italia company** for which the firm acts as **nominated adviser** provided adequate safeguards are in place to prevent any conflict of interest;
- No **nominated adviser** or partner, director, employee of a **nominated adviser** or associate of any such partner, director or employee may deal in the securities of an **AIM Italia company** or any related financial product for which the firm acts as **nominated adviser** during any **close period** of that company;
- Compliance with the above thresholds is shown by entries in the register of shareholders or other available data.
- If a **nominated adviser** breaches any of the above limits as a result of its underwriting activities it must make best endeavours to sell down its holding to within the guidelines as soon as reasonably practicable.
- In order to evaluate its independence, the **nominated adviser** should also consider the size and the nature of its credit position with the **AIM Italia company**

Note: As guidance, bullet points 3-5 inclusive above will only apply to the corporate finance function of a **nominated adviser** firm and not to other areas adequately separated by chinese walls or similar safeguards. In such situations the burden of proof required of the **nominated adviser** under rule 18 remains.

Schedule Two - Nominated adviser's declaration

This **nominated adviser** confirms that:

SECTION A:

to the best of its knowledge and belief having made due and careful enquiry and considered all relevant matters under the **AIM Italia Rules for Companies** and **AIM Italia Rules for Nominated Advisers** in relation to this application for **admission**, all applicable requirements of the **AIM Italia Rules for Companies** and **AIM Italia Rules for Nominated Advisers** have been complied with and, in particular, the **admission document** complies with Schedule Two of the current **AIM Italia Rules for Companies**, and

SECTION B:

- (a) it is satisfied that the **applicant** and its securities are appropriate to be admitted to **AIM Italia**, having made due and careful enquiry and considered all relevant matters set out in the **AIM Italia Rules for Companies** and the **AIM Italia Rules for Nominated Advisers** and;
- (b) the directors of the **applicant** have received advice and guidance (from this **nominated adviser** and other appropriate professional advisers) as to the **applicant's** responsibilities and obligations under the **AIM Italia Rules for Companies** in order to facilitate due compliance by the **applicant** on an ongoing basis; and
- (c) it will comply with the **AIM Italia Rules for Companies** and **AIM Italia Rules for Nominated Advisers** as applicable to it in its role as **nominated adviser** to this **applicant**.

NOTE:

Sections A and B must be completed where securities are being admitted to **AIM Italia** pursuant to an **admission**.

Only Section B must be completed where this form is being completed pursuant to a change of **nominated adviser** and Section A will not be applicable. In such cases, the term **applicant** should be deemed to read **AIM Italia company**.

Terms used in this **nominated adviser's declaration** are as defined in the **AIM Italia Rules for Companies**.

Schedule Three - Nominated Adviser Responsibilities

The responsibilities set out in this Schedule Three consist of numbered principles in bold followed by a list of actions. The numbered principles must be satisfied in all cases. The actions which follow each principle represent a non-exhaustive list of tasks that **Borsa Italiana** would usually expect a **nominated adviser** to fulfill in satisfying that principle.

Other actions can therefore be substituted in order to satisfy each overriding principle or the **nominated adviser** may decide that a particular action set out below is not appropriate. The reasons for this should be noted as part of the record keeping duties under rule 22 in order to evidence to **Borsa Italiana** that a **nominated adviser** has acted with due skill and care.

Admission Responsibilities

These apply to a **nominated adviser** that is acting for an **applicant** (including in relation to a reverse takeover coming within rule 14 of the **AIM Italia Rules for Companies**) in respect of its **admission to AIM Italia**.

THE APPLICANT AND ITS SECURITIES

AR1 - In assessing the appropriateness of an applicant and its securities for AIM Italia, a nominated adviser should achieve a sound understanding of the applicant and its business

In meeting this, the **nominated adviser** should usually:

- ensure it has, or has access to, appropriate knowledge of the **applicant's** area of business (taking into account its country of incorporation and operation), using in-house specialists or external experts where necessary to achieve this
- consider the **applicant's** sector, proposition, business plan or similar, financial structure, historical financial information and other corporate information, including the due diligence performed further to AR3
- consider that the **applicant's** by-laws are compliant with **AIM Italia Rules for companies**
- consider any issues relating to the **applicant's** country of incorporation and operation and any other issues that might affect its appropriateness
- undertake a visit to the **applicant's** material site(s) of operation and meet the **directors** and key managers. The necessity of meeting any other relevant material stakeholders (e.g. key shareholders) should also be considered
- consider appointing its own legal advisers who are independent from the **applicant** to assist in the **nominated adviser's** understanding of the **applicant** and to provide advice to the **nominated adviser** that is independent of the **applicant**

DIRECTORS AND BOARD

AR2 – In assessing the appropriateness of an applicant and its securities for AIM Italia, a nominated adviser should (i) investigate and consider the suitability of each director and proposed director of the applicant; and (ii) consider the efficacy of the board as a whole for the company's needs, in each case having in mind that the company will be admitted to trading on a MTF, and is subject to specific rules, for example concerning market abuse.

In meeting this, the **nominated adviser** should usually:

- issue and review **directors'** questionnaires and review **directors'** CVs
- test the information revealed by the above questionnaires and CVs, for example by conducting press searches, Companies House checks, taking-up references and, where appropriate, obtaining third party checks. For **directors** who are not **Italy**-based, appropriate investigations should be undertaken
- extend these investigations and considerations as appropriate to key managers and consultants who are discussed in the **admission document**

- consider undertaking such investigations in relation to **substantial shareholders** at **admission** as appropriate, especially where there is uncertainty as to their identity or where they are not established institutions, in particular to enquire about the existence of **persons** exerting control over the **applicant**
- analyse any issues arising from these investigations, in particular as to how they could affect the **applicant's** appropriateness to be admitted to **AIM Italia** and be traded
- consider each **director's** suitability and experience in relation to their (proposed) company role and consider whether each (proposed) **director** is suitable to be a director of a company traded on a **MTF**
- consider the board of **directors** as a whole in relation to the **applicant's** needs, for example given its type, size, expected profile and the fact that the applicant will be admitted to an **MTF**;
- consider, with the **directors** of an **applicant**, the adoption of appropriate corporate governance measures.

DUE DILIGENCE

AR3 – The nominated adviser should oversee the due diligence process, satisfying itself that it is appropriate to the applicant and transaction and that any material issues arising from it are dealt with or otherwise do not affect the appropriateness of the applicant for AIM Italia

In meeting this, the **nominated adviser** should usually:

- be satisfied that appropriate financial, tax and legal due diligence is undertaken by an appropriate professional firm(s) Financial due diligence should also include any issues regarding the applicant's financial structure (including the composition of the net financial position and the existence of financial covenants on outstanding debt) and any issues regarding overdue debts (trade payables, financial, tax and social security debts), overdue receivables and derivative contracts
- be satisfied that appropriate working capital and **financial reporting systems** and controls reviews are undertaken (usually including reports or letters from **auditing firm** or other eligible entity indicated by the **nominated advisers**)
- consider whether commercial, specialist (e.g. intellectual property) and/or technical due diligence is required and be satisfied that it is undertaken where required
- agree the scope of all such due diligence and reports (including, in relation to the working capital report, assumptions and sensitivities)
- review and assess the above due diligence, reports and adviser comfort letters, considering any material issues, recommended actions or adverse analysis raised and be satisfied that appropriate actions have been undertaken to resolve such matters or otherwise be satisfied that such matters do not affect the appropriateness of the **applicant** for **AIM Italia**

ADMISSION DOCUMENT

AR4 – The nominated adviser should oversee and be actively involved in the preparation of the admission document, satisfying itself (in order to be able to give the nominated adviser's declaration) that it has been prepared in compliance with the AIM Italia Rules for Companies with due verification having been undertaken

In meeting this, the **nominated adviser** should usually:

- oversee and be actively involved in the drafting of the sections of the **admission document** that relate to the business of the **applicant** and the risk factors, being satisfied that they take into account matters raised by due diligence
- be satisfied that the financial information and other sections of the **admission document** have been appropriately prepared
- consider whether any specialist third party reports are required (e.g. for companies in particular sectors such as property or biotechnology)
- be satisfied that appropriate verification of the **admission document** and any related **notifications** has taken place
- be satisfied (in the terms of the **nominated adviser's declaration**) that the **admission document** complies with the **AIM Italia Rules for Companies**, liaising with **Borsa Italiana** to the extent that rule derogations or interpretations may be required

AIM ITALIA RULE COMPLIANCE

AR5 – The nominated adviser should satisfy itself that the applicant has in place sufficient systems, procedures and controls in order to comply with the AIM Italia Rules for Companies and should satisfy itself that the applicant understands its obligations under the AIM Italia Rules for Companies

In meeting this, the **nominated adviser** should usually:

- be satisfied that procedures within the company have been established to facilitate compliance with the **AIM Italia Rules for Companies**, e.g. release of **unpublished price sensitive information**, Rule 17 **notifications**, regulation of **close periods**
- be satisfied that the **directors** have been advised of their and the company's continuing responsibilities and obligations under the **AIM Italia Rules for Companies** and that the **directors** are aware of when they should be consulting with or seeking the advice of the **nominated adviser**. The **nominated adviser** should be involved in the provision of this advice to the **directors** so that they are aware of the practical consequences of the requirements of the **AIM Italia Rules for Companies**

Ongoing Responsibilities

These apply on a continuing basis in respect of any **nominated adviser** who acts for an **AIM Italia company**.

REGULAR CONTACT BETWEEN COMPANY AND NOMINATED ADVISER

OR1 – The nominated adviser should maintain regular contact with an AIM Italia company for which it acts, in particular so that it can assess whether (i) the nominated adviser is being kept up-to-date with developments at the AIM Italia company and (ii) the AIM Italia company continues to understand its obligations under the AIM Italia Rules for Companies

In meeting this, the **nominated adviser** should usually:

- maintain regular contact with the **AIM Italia company**, in particular to be satisfied that the **nominated adviser** is kept up-to-date in order that it can advise the company on its obligations under the **AIM Italia Rules for Companies** (especially the requirements of Rule 11 and to identify breaches of the **AIM Italia Rules for Companies** (e.g. in relation to Rule 17 disclosures))
- assess whether the **AIM Italia company** continues to understand its obligations under the **AIM Italia Rules for Companies**, for example by having discussions with the **directors** where appropriate and be satisfied that any procedures required pursuant to AR5 continue to be effective

REVIEW OF NOTIFICATIONS

OR2 – The nominated adviser should undertake a prior review of relevant notifications made by an AIM Italia company with a view to ensuring compliance with the AIM Italia Rules for Companies

In meeting this, the **nominated adviser** should usually:

- review in advance (although without prejudice to the requirement of Rule 10 to release information without delay) all **notifications** to be made by an **AIM Italia company** for which it acts to ensure as far as reasonably possible that they comply with the **AIM Italia Rules for Companies**. Where the **nominated adviser** reasonably believes a company's **directors** have appropriate knowledge and experience of the **AIM Italia Rules for Companies**, review of routine announcements (e.g. pursuant to rule 17) may not be necessary
- include the **nominated adviser's** name and a contact name on all such announcements that a **nominated adviser** reviews, other than routine announcements

MONITOR TRADING

OR3 – The nominated adviser should monitor (or have in place procedures with third parties for monitoring) the trading activity in securities of an AIM Italia company for which it acts, especially when there is unpublished price sensitive information in relation to the AIM Italia company

In meeting this, the **nominated adviser** should usually:

- use suitable alerts or other triggers to alert the **nominated adviser** to substantial price or trading movements. This can be satisfied via the **broker**
- contact an **AIM Italia company** where appropriate if there is a substantial movement to ascertain whether an announcement or other action is required, liaising with **Borsa Italiana** where appropriate
- consider the necessity for arranging relevant press monitoring, particularly when there is material **unpublished price sensitive information** in existence

ADVISE THE AIM ITALIA COMPANY ON ANY CHANGES TO THE BOARD OF DIRECTORS

OR4 – The nominated adviser should advise the AIM Italia company on any changes to the board of directors the AIM Italia company proposes to make, including (i) investigating and considering the suitability of proposed new directors and (ii) considering the effect any changes have on the efficacy of the board as a whole for the company’s needs, in each case having in mind that the company is admitted to trading on a MTF, and is subject to specific rules, for example concerning market abuse.

In satisfying this, **Borsa Italiana** would expect the **nominated adviser** to usually:

- be satisfied that the **AIM Italia company** knows to liaise with the **nominated adviser** at the earliest opportunity about proposed changes to the board, in order to allow the **nominated adviser** appropriate time to comply with OR4
- in relation to new **directors**, consider the requirements of AR2 and take the appropriate actions including issuing and reviewing **director’s** questionnaires, reviewing the **director’s** CV and testing such information
- consider whether such proposed **directors** are suitable to be a **director** of a company and consider the effect of the appointment on the efficacy of the board as a whole for the company’s needs
- in relation to the removal of **directors**, consider how this affects the efficacy of the board as a whole for the company’s needs, make any recommendations it thinks fit to the **AIM Italia company** and considering whether this in turn affects the **AIM Italia company’s** appropriateness for **AIM Italia**

Engagement Responsibilities

These apply when a **nominated adviser** is being engaged as a **nominated adviser** to an existing **AIM Italia company**.

In satisfying these responsibilities, a **nominated adviser** should in addition refer to AR1 (in relation to ER1 below), AR2 (in relation to ER2) and AR5 (in relation to ER3) and consider what actions may be appropriate. The actions to be taken will depend on, for example, the circumstances surrounding the change of **nominated adviser** or the changes that have taken place in the company since **admission**. For example, it is unlikely that the due diligence reports usually obtained in preparation for **admission** as mentioned in part of AR1 would be required on engagement pursuant to ER1 or ER3 below.

THE AIM ITALIA COMPANY AND ITS SECURITIES

ER1 - In assessing the appropriateness of an AIM Italia company and its securities for AIM Italia when taking on an existing AIM Italia company, a nominated adviser should achieve a sound understanding of the AIM Italia company and its business

In satisfying this, the **nominated adviser** should usually:

- gain a knowledge of any major developments relating to the company since **admission** and consider their effect on the appropriateness of the **AIM Italia company**
- consider contacting the outgoing **nominated adviser** to discuss their experiences with the **AIM Italia company**. An outgoing **nominated adviser** should be constructive and open (to the extent possible) with a new **nominated adviser** who contacts them for such discussion.

DIRECTORS AND BOARD

ER2 – In assessing the appropriateness of an existing AIM Italia company and its securities for AIM Italia, a nominated adviser should (i) investigate and consider the suitability of each director and

proposed director of the AIM Italia company and (ii) consider the efficacy of the board as a whole for the company's needs, in each case having in mind that the company is admitted to a trading on a MTF, and is subject to specific rules, for example concerning market abuse.

AIM ITALIA RULE COMPLIANCE

ER3 – The nominated adviser should satisfy itself that the AIM Italia company has in place sufficient systems, procedures and controls in order to comply with the AIM Italia Rules for Companies and should satisfy itself that the AIM Italia company and its directors understand their obligations under the AIM Italia Rules for Companies

General

In this Schedule Three:

- Where a **nominated adviser** is expected to consider or satisfy itself of a particular matter, this is expected to be after due and careful enquiry and exercising due skill and care. The **nominated adviser** should keep an appropriate record to evidence this.
- A **nominated adviser** should seek advice and assistance from other professional advisers where appropriate in fulfilling these responsibilities but should retain overall management and responsibility (i) for any **admission** process in relation to **AIM Italia companies** for which it acts and (ii) in relation to advising **AIM Italia companies** on their ongoing compliance with the **AIM Italia Rules for Companies**.

