

# AIM Italia/Mercato Alternativo del Capitale

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## Disciplinary Procedures and Appeals Handbook

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The Italian text of these Rules shall prevail over the English version



**London**  
Stock Exchange Group

# Disciplinary Procedures and Appeals Handbook

## Introduction

This handbook, which forms part of the **AIM Italia/Mercato Alternativo del Capitale** rules, sets out the procedures to be followed when: (i) **Borsa Italiana** wishes to commence disciplinary proceedings against an **AIM Italia company** or **nominated adviser** for a breach of the **AIM Italia** rules; and (ii) an **AIM Italia company**, a **nominated adviser**, or any entity applying to become an **AIM Italia company** or **nominated adviser** wishes to lodge an appeal pursuant to the **AIM Italia** rules against any decision of **Borsa Italiana**.

Defined terms used in this handbook shall have the meanings set out in the Glossary to the **AIM Italia** rules.

For the purposes of this handbook, the term “**AIM Italia** rules” shall mean the “**Rules for Companies**” and the “**Rules for Nominated Advisers**” as applicable.

# Part One

## DISCIPLINARY PROCESS

### Verification activity

1. For the purpose of verifying compliance with the **AIM Italia/Mercato Alternativo del Capitale** rules and, more generally, in order to ensure the performance of its functions of organising and managing the markets, **Borsa Italiana** may:
  - a) request the **AIM Italia company** or the **nominated adviser** to provide all the necessary information and documents;
  - b) convoke the representatives of the **AIM Italia company** or the **nominated adviser** to clarify specific conduct or situations.

Where evidence is found of presumed violations of the **AIM Italia/Mercato Alternativo del Capitale** rules, **Borsa Italiana**, after acquiring appropriate substantiating elements **decides whether, in its opinion, a violation has been or has not been objectively completed and, if so, it adopts any of the measures referred to in Rule 2, after it started shall initiate the procedure referred to in Rule 3, when applicable, shall initiate the procedure referred to in Rule 3.**

~~In the event of minor infringements of the **AIM Italia** rules, **Borsa Italiana** may invite the **AIM Italia company** or the **nominated adviser** to comply adequately with the provisions in question.~~

### Measures against issuers and Nomads

2. Where there is a violation of the **AIM Italia/Mercato Alternativo del Capitale** rules, including the case of a **AIM Italia company** or **nominated adviser** hindering the verification activity referred to in Rule 1, **Borsa Italiana** may apply one or more of the following measures against the **AIM Italia company** or **nominated adviser** in question, ~~taking into account the seriousness of the violation and any other violations committed in the 30 months preceding the violation:~~
  - a) **a written warning to observe the Rules;**
  - b) a) a **written censure warning notice**. ~~If in the 30 months preceding the violation the **AIM Italia company** or **nominated adviser** has committed another violation of the same prescription or prohibition for which **Borsa Italiana** has already imposed a warning notice, the measure referred to in subparagraph b) shall be applied:~~
  - c) b) a fine of between 5,000 and **500,000 200,000** euros; ~~In deciding on the amount of the fine **Borsa Italiana** shall take into account the seriousness of the violation.~~
  - d) e) cancel the admission of its **AIM Italia securities**
  - e) d) remove the **nominated adviser** from the register
  - f) e) prevent the **nominated adviser** from acting as a **nominated adviser** to any additional **AIM Italia companies**

**The measures provided for in the preceding paragraph shall may be made public pursuant to as described in Rules 5, where **Borsa Italiana** is of the opinion that this is deemed**

necessary and appropriate for the purpose of market protection. Borsa Italiana may disclose to the public the measure and the description of the violation without specifying the identity of the perpetrator, when this is deemed sufficient in order to ensure market protection. The measure referred to in letter a) of the preceding paragraph could be disclosed only without the identity of the AIM Italia company or nominated adviser subject to which such measure applies.:

- a. a warning notice;
- b. a fine of not more than 30,000 euros.

For the purpose of adopting the above measures, Borsa Italiana assesses the magnitude of the violation taking in to account the following criteria, where applicable:

- a) the actual and potential impact on the market and the external importance of the violation;
- b) the size, duration and nature of the violation and the impact on AIM Italia company's economic and financial situation;
- c) how Borsa Italiana became aware of the violation;
- d) the benefits accrued by the AIM Italia company or the nominated adviser from the violation;
- e) reaction of the AIM Italia company or the nominated adviser towards Borsa Italiana's requests and its actual and previous behavior;
- f) magnitude of fraud or negligence;
- g) functioning of systems used for internal control and prevention of violations;
- h) number and magnitude of violations committed previously by the AIM Italia company or nominated adviser;
- i) size of the AIM Italia company or nominated adviser and the of group each of them belongs to;
- j) the cases in which various provisions are breached or the same provision is breached more than once.

~~The measures provided for in paragraph 1 shall always be made public pursuant to Rule 5 if, in the 30 months preceding the violation in question, the AIM Italia company or nominated adviser has committed other violations of the AIM Italia Rules for which Borsa Italiana has adopted three non public measures or has committed another violation of the same prescription or prohibition for which Borsa Italiana has already imposed a measure other than a censure.~~

The use to which fines are put shall be established on a general basis by Borsa Italiana in an ad hoc measure communicated to Consob and published in a Notice.

## Procedure for verifying violations

3. In order to apply the measures referred to in Rule 2.4, the procedure described in this rule shall be initiated within one year of the presumed violation or of the later date on which Borsa Italiana learned of the presumed violation. In the latter case the procedure described in this rule may not be initiated after three years have elapsed from the date of the presumed

violation.

**For the purpose of applying measures referred to in Rule 2, first paragraph, letters b), c) d), e) and f) of Rule 2, Borsa Italiana shall initiate the procedure by sending sends the AIM Italia company or nominated adviser concerned a notification:**

- a. containing a description of the alleged violation;
- b. setting a time limit of not less than 15 days within which a written brief may be submitted and possibly a request for a hearing in which to examine the question jointly.

The notification referred to in paragraph 2 may indicate the measure **Borsa Italiana** intends to apply. In such case, if the time limit referred to in paragraph 2(b) expires without the **AIM Italia company or nominated adviser** having submitted a written brief or requested a hearing, **Borsa Italiana** shall apply the measure indicated in the notification.

If the **AIM Italia company or nominated adviser** requests a hearing in which to examine the question jointly or if **Borsa Italiana** considers such a hearing to be necessary, **Borsa Italiana** shall establish the date for the hearing and inform the issuer accordingly. The **AIM Italia company or nominated adviser** shall be represented in the meeting either by its legal representative or by a person appointed for the purpose, being allowed to be assisted by a lawyer of its choice. If the **AIM Italia company or nominated adviser** fails to attend the hearing without due cause, **Borsa Italiana** shall proceed on the basis of the evidence collected up to that time. At the end of the hearing, at the request of the interested party, **Borsa Italiana** may set a new time limit of not less than 10 days for the submission of another written brief.

On the basis of the evidence collected as part of the procedure referred to in the preceding paragraphs, **Borsa Italiana** shall decide within 45 days of the hearing or the subsequent expiry of the time limit for the submission of another written brief as provided for in **the preceding paragraph 4**, or if no such hearing is requested or scheduled by **Borsa Italiana**, within 45 days of the expiry of the time limit set pursuant to paragraph 2(b) **of he present Rule**.

Decisions adopted pursuant to the preceding paragraph shall be promptly notified to the interested party giving the reasons for the decision. If one of the measures referred to in Rule 2 is applied, the costs of the procedure and in particular those in relation to the examination of the written briefs submitted and the hearings requested, determined on a flat-rate basis in accordance with the measure referred to in Rule 2, shall be charged to the **AIM Italia company or nominated adviser**.

## **Challenging Review** of measures

**The AIM Italia company and the nominated adviser may ask for the review of measure Measures** referred to in Rule 2 ~~may be challenged~~ within 15 days of the notification referred to in respectively Rule 3, paragraph 6 **before by means of a petition to** the Appeals Board established pursuant to Rule 10.

**For the measure referred to in Rule 2, paragraph 1, letter a), the 15 days run from the moment in which the decision is notified to the interested party.**

## Disclosure to the public of measures

4. Applications of the measures referred to in Rule ~~2 4~~ shall be made public in **dealing notices** after 15 days have elapsed from the notification of the measure to the interested party without the question being referred to the Appeals Board or, where it has been so referred, after 10

days have elapsed from the notification of the Appeals Board's decision to the parties.

At the request of the **AIM Italia company** or **nominated adviser**, the complete text of the measure shall be made public, possibly together with all the acts of the proceedings, including the decisions of the Appeals Board.

## Suspension of time limits

5. The time limits referred to in these Rules , **except for those provided for in Rule 1,** shall be suspended from 1 August to 31 August of each year.

## Part Two

### GENERAL PROVISIONS

#### Jurisdiction

6. The **AIM Italia/Mercato Alternativo del Capitale** rules and any other provisions concerning the operation of the **AIM Italia/Mercato Alternativo del Capitale** market and services and subsequent amendments shall be governed by the laws of Italy.

#### Disputes submitted to the courts

7. Disputes concerning the fees referred to in the **AIM Italia/Mercato Alternativo del Capitale** rules shall be heard exclusively by Italian judges and the competent court shall be exclusively the Court of Milan.

#### Other disputes

8. Any dispute other than those referred to in Rule 8 caused by or deriving from the **AIM Italia/Mercato Alternativo del Capitale** rules or any other provisions concerning the operation of the market and subsequent amendments shall be settled finally by a Board of Arbitration set up in accordance with Rule 11.

Prior recourse to the Appeals Board procedure referred to in Rule 10 shall be a necessary condition for initiating the arbitration procedure.

#### Appeals Board

9. The Appeals Board shall be composed of three members appointed by the Board of Directors of **Borsa Italiana**, which shall also appoint one of the members to be the chairman. The seat of the Appeals Board shall be at **Borsa Italiana**.

The members of the Appeals Board shall be chosen from among independent persons of

proven expertise in matters concerning financial markets.

The appointment shall be for three years and may be renewed ~~once~~. Where one of the members vacates the position before the termination of the appointment, the Board of Directors of **Borsa Italiana** shall appoint a substitute; such appointment shall last until the termination of the appointments of the other members of the Appeals Board.

The decisions of the Appeals Board shall be adopted in accordance with law allowing debate within 30 days of the date of ~~the petition for review the challenge~~ referred to in Rule 4, ~~or in other cases, the act submitted to the Appeals Board~~ of and shall be promptly notified to the parties. The language of the proceedings shall be the Italian language.

In agreement with the other members of the Board, the chairman may assign a question to a single member of the Board.

The decisions of the Appeals Board shall not be binding on the parties and where one of the parties initiates arbitration pursuant to Rule 11, they shall not be binding on the arbitrators, who shall have the broadest prerogatives and powers to re-examine the entire dispute without any preclusion.

**The fees of the members of the Appeals Board shall be borne by the losing party.**

## Board of Arbitration

10. The Board of Arbitration shall be composed of three members appointed as follows:

- a) the party that initiates the arbitration procedure shall send an instrument to the other party in which it:
  - declares its intention of initiating the arbitration procedure;
  - indicates the subject of the ~~case challenge~~;
  - designates its arbitrator;
  - invites the other party to designate its arbitrator;
- b) the party that receives the invitation referred to in subparagraph a) shall designate its arbitrator within 20 days of receiving the notice; in the event of its omitting to do so, the second paragraph of Article 810 of the Code of Civil Procedure shall apply;
- c) the third arbitrator, who shall act as Chairman of the Board of Arbitration, shall be appointed consensually by the arbitrators referred to in subparagraphs a) and b); where they fail to agree within 20 days, the third arbitrator shall be appointed by the Chairman of the Milan Court.

The arbitration proceedings thus instituted shall be ritual and shall comply with the provisions of the Italian Code of Civil Procedure. The procedure must be initiated, on pain of debarment from action, within ~~30~~ **60** days of the notification referred to in Rule 10, paragraph 4. The dispute shall be settled in accordance with the provisions of Italian law and the language of the arbitration proceedings shall be the Italian language.

The seat of the Board of Arbitration shall be in Milan in the place designated by its Chairman.

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