



**The Quoted  
Companies Alliance**

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**04 May 2009**

**Martin Waller, *The Times***

**Tiddlers' AIM exodus set to continue**

The Alternative Investment Market (AIM) has consistently outperformed fully listed stocks since the start of this year and into the recent general market upturn, prompting some market-watchers to ask whether the long decline of the junior market has come to an end.

At the same time, research seen by *The Times* suggests that very small, illiquid stocks will continue to drift away from AIM, leaving the market the domain of larger, more frequently traded shares.

There has been a debate in recent months about the future of AIM, which since its creation 14 years ago to cater for fast-growth stocks has been seen as a significant success for the London Stock Exchange (LSE), which administers it. The debate was intensified by the departure last month of Martin Graham, the LSE's head of markets and also in charge of AIM. Marcus Stuttard, his deputy on the junior market, is to succeed him.

Dame Clara Furse, the LSE chief executive, who stands down this month, and John Pierce, chief executive of the Quoted Companies Alliance, recently clashed over AIM's future. Mr Pierce, whose organisation represents small and mid-cap stocks, suggested that the LSE "never seemed to be fully convinced of the importance of AIM", which had no representation on the Exchange's board. Dame Clara countered that any such anxiety was "misplaced".

A survey by Smith & Williamson (S&W), nominated adviser to more than 30 AIM companies, suggested that although the majority of AIM companies were finding it hard to raise finance, almost four in ten still intended to raise cash over the next year. Secondary financings, though down, nevertheless were £561 million in the three months to end-March.

However, smaller companies were increasingly disenchanted with AIM. Two fifths of those with capitalisation below £5 million were considering delisting. About 20 companies a month have left AIM over the past year, most choosing to go private.

John Cowie, of S&W, said the flow may ease if economic signs get better and companies decide to stay. "It can't continue ad infinitum," he said.