

DISCIPLINARY DECISION NOTICE

19 NOVEMBER 2018

1. NEX Exchange Limited (“**Exchange**”) announces that a NEX Exchange corporate adviser (“**corporate adviser**”) has been sanctioned by the Membership, Admissions and Enforcement Committee of the Exchange. NEX Exchange takes a breach of a corporate adviser’s responsibilities very seriously and may impose a variety of sanctions including public censure, fines and restriction on the adviser’s activities on the NEX Exchange Growth Market.
2. The sanction the subject of this notice relates to a breach of paragraphs 32 of the NEX Exchange Corporate Adviser Handbook (the “**Handbook**”) in respect of failing to:
 - ensure that, so far as reasonable practicable, an issuer complies with the NEX Exchange Rules for Issuers (the “**Issuers’ Rules**”);
 - ensure that information provided to NEX Exchange is accurate and complete;
 - act with due care, skill and competence at all times; and
 - conduct its affairs to avoid impairing the reputation and integrity of the Exchange.
3. The circumstances relating to the breach arose when the corporate adviser failed to ensure that the geographical focus of a company’s investment policy as set out in the admission document was a full and accurate description of the intended policy. Further, the corporate adviser failed to ensure representations made to NEX Exchange in respect of that policy were accurate and complete.
4. The Issuers’ Rules specifies the information that must be included in a NEX Exchange admission document. Appendix 1, paragraph 14 of the Issuers’ Rules states that, in respect of an investment vehicle, the admission document must contain a detailed description of the investment strategy, which must include matters such as:
 - the sectors, countries and regions in which the company will consider making investments;
 - what expertise the directors of the company have in such sphere of activity;
 - the identify and expertise of any discretionary fund managers or investment professionals involved in investment decisions;
 - whether the company will be an active or passive investor, and how widely it intends to spread its investments; and
 - whether or not the company intends to return cash to shareholders in the event that it fails to substantially implement its investment strategy.
5. An investment strategy must be sufficiently precise in terms of sector and geographical focus to allow a reasonable investor to make an informed assessment of the company’s focus and prospects. It is expected that a company will limit their focus to a particular sector and region.

6. The role of the corporate adviser is to advise and guide NEX Exchange companies on their obligations under the Issuers' Rules and, in particular, the information to be set out in an admission document. In the circumstances set out herein, the Exchange considers the corporate adviser's performance fell below the standard expected.

7. In determining the sanction, the Exchange has taken into account a number of factors including the corporate adviser's co-operation with the Exchange's subsequent investigation and disciplinary action.

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NEX Exchange Regulation