David O'Hara, Founder, Blackthorn Focus

I love AIM but like most things in life, it is not perfect. AIM has come in for some fierce criticism from all corners: investors, advisors and the companies themselves have all voiced disappointment along the way.

Any institution with such a high profile will be criticised. In a stock market, investors will often blame someone else for their losses and company executives typically harbour the conviction that their company is worth far more than the share price is telling them. The market itself is the ultimate judge, though, and its invisible hand continues to point companies and investors in AIM's direction.

I've been investing in AIM shares for over five years. I know that isn't long but I'm not very old (see photo). AIM launched when I was still at school I'd have needed one hell of a paper round before I could afford to invest in stocks.

AIM continues to change as markets, investors and companies' expectations of a market evolve. All AIM companies will soon have to declare the full earnings of each individual director, a move which is to be welcomed.

I don't see why change should stop there, however, and have detailed five things that AIM could do differently:

1. **Make market expectations public** If there's one thing I can't stand it is a company referring to 'market expectations' in trading statements when access to these expectations is restricted. This amounts to a nudge and a wink to everyone who is unaware of simply what numbers the company is vaguely referring to. Some large cap companies deal with this properly (Barclays is one example) by publishing brokers' consensus estimates on the Investor Relations section of their website. Trading statements should not carry more meaning for the house broker's clients than they do for everyone else. To be sure, data aggregators exist, publishing consensus forecasts to anyone who takes the time to register on their site but brokers are under no obligation to send their estimates to sites such as Hemscott. AIM Rule 26 requires that major shareholders are detailed on a company's website. The figures management are referencing in trading statements are surely more important to a fair and orderly market than a declaration of who owns 3% of a company.

2. **Make the TR-1 form compulsory** Currently, when large shareholders make a sizeable change to their investment in an AIM company, the market has to be notified and the company's website gets updated. Many AIM companies submit the TR-1 form to the London Stock Exchange and this is published on the Regulatory News Service (RNS). Though it is sufficient for this purpose, the TR-1 form is not deemed necessary by the AIM rules. The rules as they stand require only the shareholder's 'identity' and in some cases AIM companies have issued RNS announcements without a significant shareholder's full name. For most companies, making the TR-1 compulsory would not occasion any change as they are already using it. Requiring the TR-1 form would simplify regulation by equalising it with what is required on the Main Market and our knowledge of major shareholders would be improved dramatically.

3. **Change the name of AIM** There are some great investment grade companies on AIM that are just as well run as their cousins on the Main Market. Companies like ASOS, Majestic Wine, Nichols and Sportingbet are not money-making wheezes from an episode of *Only Fools and Horses*. Classifying an investment in an AIM company as a radical departure from investing in the Main Market is a misapprehension. Is the 'Alternative' in 'Alternative Investment Market' still accurate today? Furthermore, AIM has global ambitions, striving to provide a market for growing companies from around the world. Perhaps the time has come to downplay AIM's connection with London and big-up its status as a global market. Perhaps 'Global Enterprise Market'[1]would be a more accurate description of the junior market. As an acronym it would be a journalist's dream.

4. **Longer trading hours** There are many overseas companies listed on AIM as well as a large number of companies with substantial foreign operations. Some companies have recently 'gone home', leaving AIM for a local exchange: for example, West China Cement, who intend to leave AIM for the Hong Kong main board. If local investors could purchase shares in these foreign companies as easily as they can their local outfits I wonder if companies would ever be tempted to list elsewhere. In fairness, many of the barriers to overseas investors are put up not by AIM or the LSE but by local regulators. A facility for trading shares on AIM during their normal market hours would dramatically improve foreign participation in the market.

5. **Amalgamate AIM Italia, AIM and AIM Japan** Today, financial markets are global yet the AIM ethos is segregated across London, Milan (AIM Italia) and Tokyo (Tokyo AIM). Bringing all three under one umbrella and a uniform set of rules would reduce confusion, make the AIM brand universal across markets and give investors more confidence to trade foreign stocks. The fact that the three were established as separate entities in the first place tells us that there must be plenty of reasons for things being as they are; but I bet the three are merged before I'm in the ground, turned into car fuel, go into deep-freeze or whatever they will be doing when I finally delist.

[1] If anyone from the London Stock Exchange is reading this and fancies using the name Global Enterprise Market, my usual fee applies. Meanwhile, Im off to see if the .com domain is available…