

16th June 2025

AIM Regulation Team

Submitted via email to aimnotices@lseq.com

Re: Response from the Investor Coalition for Equal Votes to *Discussion paper – Shaping the Future of AIM*

Dear team,

The Investor Coalition for Equal Votes (ICEV) consists of UK and US asset owners and managers with around \$4.5 trillion in assets under management who are concerned about the long-term effects of misalignment between invested capital and shareholder voting rights, and who have extensive allocations to the UK market, including the kinds of high-growth companies that list on AIM. Although global in membership¹, our group has UK roots, having started from dialogue between Railpen – the UK asset manager for the railways pension schemes – and a US-based investor organisation, the Council of Institutional Investors (CII), about the need for greater coordination among investors to respond to the global proliferation of this misalignment.

Our comments here, supported by many of our members, build upon our previous responses to Financial Conduct Authority (FCA) consultations CP23/10 on *Primary Markets Effectiveness Review – Feedback to DP22/2 and proposed equity listing rule reforms* and DP22/2 on *Primary Markets Effectiveness Review: Feedback to the discussion of the purpose of the listing regime and further discussion* as well as our extensive programme of engagement both with pre-IPO companies who are thinking about a UK listing, and their advisers. Like our previous consultation responses, our comments here focus solely on the question relating to the dual-class share structure proposals. This letter's narrow response reflects the scope of the ICEV mission, and should not be interpreted as taking a position on any other aspects of this consultation.

Q30 If you do not agree that AIM should adopt an equivalent route for the admission of dual-class shares as for Main Market companies, please explain the basis for your view. Otherwise, please provide details of any changes to the Main Market approach to dual-class shares, that you would recommend for AIM companies.

We agree that AIM plays an important role in smoothing the transition for companies to continue to grow and develop in the UK, creating a pipeline of successful firms that contribute to UK economic growth.

For AIM to function effectively in terms of i) providing access to the liquid and thoughtful capital that high-growth companies tell us they want and ii) providing investors with access to high-quality companies that are well-placed to grow over the long-term and support good outcomes for our beneficiaries, we think that only a shift to allow dual-class share structures (DCSS) with a sunset clause of seven years or less should be considered in the new AIM rules.

¹ We are also delighted to count the International Corporate Governance Network (ICGN) and the Australian Council of Superannuation Investors (ACSI) as ICEV supporters.



Investor Coalition for Equal Votes

Capital structures providing disproportionate voting rights to founders and other insiders cause long-term performance risk by foreclosing companies' ability to make necessary leadership changes in response to sustainable underperformance. Boards cannot carry out their fundamental oversight purpose if capital structures are designed specifically to render founders, their favoured board members, and their favoured managers unaccountable to the holders of a majority of outstanding shares. Evidence suggests that the risk to performance stemming from unequal voting rights also increases after only a very few years of a company's life as a public company². We view "one share, one vote" structures as the optimal way to avoid this performance risk, and we encourage companies that choose not to enter the public markets with proportionate voting rights to at least incorporate time-based sunset provisions of seven years or less from IPO into their governing documents at the time of going public.

The importance of one-share, one-vote structures (or DCSS with a suitable time-based sunset clause) is even more marked for the kinds of high-growth firms that AIM is hoping to attract and support, in two main respects. Firstly, it is generally more challenging for such firms to attract the thoughtful, long-term capital they need – and the evidence is clear that asset managers and asset owners around the world prefer equal voting rights³. Secondly, a company that is at an early stage of its growth journey benefits significantly from accountability to the financial markets.

Although ICEV considers a "one share, one vote" listing requirement the apex of investor protection on capital structure, our fundamental priority is mitigating long-term misalignment between capital and voting rights. We had previously supported, in our response to FCA consultation DP22/2, the extension of the Premium Listing Principles to all issuers of equity shares under a single segment regime wherein the exercise of DCSS was limited to the very specific circumstances identified in PS21/22. Most importantly for ICEV, PS21/22 limited DCSS to five years for any listed company, at which point the company must either recapitalise to a one-share, one-vote structure or delist.

We believe that changes to AIM that would allow for DCSS with a time-based sunset clause of seven years or less strikes the appropriate balance between a founder's desire for continued control, and the potential advantages for high-growth companies from listing with a share structure that helps attract high-quality capital and supports long-term growth.

We would welcome the opportunity to further discuss with you any of the above issues specifically, or the work of our coalition more generally.

Yours sincerely,

Caroline Escott

Chair, Investor Coalition for Equal Votes

² [ICEV "Undermining the Shareholder Voice" report](#), 2023. Our report, with Chronos Sustainability, which pulls together the available academic and industry evidence base, found that any benefits to dual-class share structures decline only a very few years after listing.

³ [ICEV "Voting on voting rights" report](#), 2024. Our report collates the voting policies of over 30 of the world's largest asset managers and owners on dual-class share structures.