

sharemark:

Code of Practice and Requirements for Companies

If you have any queries about completing the application pack or anything else relating to Sharemark, please contact the Sharemark team on 01296 439 432 or at info@sharemark.co.uk.

Completed Sharemark documentation should be sent to:-

Sharemark Applications and Authorisation

Sharemark

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Sharemark is a Primary Fundraising and periodic auction-based Secondary Market dealing facility designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The securities traded on Sharemark may not be listed. Sharemark is operated by The Share Centre Limited. The Share Centre is a member firm of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. Sharemark is not a recognised investment exchange, recognised clearing house or regulated market within the meaning of the Markets in Financial Instruments Directive. Sharemark is a Multilateral Trading Facility.

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Sharemark is a registered trademark of The Share Centre Limited.
Sharemark is a trading division of The Share Centre.

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Primary Fundraising Application Form (enclosed separately):

PAF 1 Sharemark Application Form

Secondary Market Application Form (enclosed separately):

SAF 1 Sharemark Application Form

Other Application Forms (enclosed separately):

AF 2 Sharemark Admission and Dealing Agreement

AF 3 Direct Debit Form

AF 4 Director's Declaration of Business Activities

1 Introduction

- 1.1 Sharemark is a Primary Fundraising and periodic auction-based Secondary Market dealing facility designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The securities traded on Sharemark may not be listed. Sharemark is operated by The Share Centre Limited. The Share Centre is a member firm of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. Sharemark is not a recognised investment exchange, recognised clearing house or regulated market within the meaning of the Markets in Financial Instruments Directive. Sharemark is a Multilateral Trading Facility.
- 1.2 Sharemark's Primary Fundraising service seeks to minimise the cost of capital raising by the use of template documents, standard processes and approved Sponsors. The role of the Sponsor is to prepare, represent and support the company throughout the fundraising process. The service takes companies through the capital raising process from due diligence to admission to market and brings fundraisings to the attention of retail investors, who trade in securities on Sharemark either through their own accounts with Sharemark or through an Approved Intermediary.
- 1.3 Transactions within Sharemark's Secondary Market are matched at a single auction price. The potential auction price is calculated and shown as "indicative" at any time: however, the frequency of carrying out the auction deals is agreed with each company at the time of their admission to Sharemark. This decision is primarily based on the projected liquidity of the market in the company's securities.
- 1.4 The company's auction price is determined by an electronic algorithm. The principle is that the algorithm pinpoints where demand (buyers of the company's securities) meets supply (sellers of the company's securities). Shares are matched between buyers and sellers at this single price level.
- 1.5 All orders for dealing within Sharemark's Secondary Market are subject to continuous price display on the Internet (www.sharemark.com) on an anonymous basis, to ensure transparency of price and volume. The indicative auction price is displayed at all times except for the period of Compliance Review and in instances where there are no bids and offers in the system, or where it is not possible to match supply and demand. In this situation, a price will not be shown, but Sharemark will show the lowest offer and the highest bid, if available.
- 1.6 Neither Sharemark nor The Share Centre have conducted due diligence to ensure the truth, accuracy or completeness of any information originating from companies traded on Sharemark and provided by Sharemark or The Share Centre on such companies' behalf. Each company and its directors are solely responsible for the information published in relation to that company and Sharemark and The Share Centre deny any liability or responsibility for such information.
- 1.7 Sharemark reserves the right to amend this Sharemark Code of Practice from time to time, without giving any notice or reasons for any amendments.
- 1.8 If a company is in any doubt as to the application of this Code of Practice in any given circumstance, the company or, where relevant, its appropriate Sponsor could consult with Sharemark without delay.

2 Statements of Principle

- 2.1 The Sharemark Applications Committee, ("the Committee"), expects all companies traded on Sharemark to:-
 - 2.1.1 maintain an open and professional relationship with Sharemark and a company's own advisers, including, in particular and where relevant, a company's approved Sponsor;
 - 2.1.2 furnish Sharemark with any required information relating to the company and its business in a timely manner and ensure that the information is accurate, complete and not misleading;
 - 2.1.3 announce, as soon as possible (subject to any exceptions referred to below), all price sensitive information to Sharemark for publication on the Sharemark website in order to keep investors fully aware of developments within its business;
 - 2.1.4 maintain familiarity and compliance with the terms of this Sharemark Code of Practice, as amended from time to time;
 - 2.1.5 have proper regard to corporate governance and ensure that the company has corporate governance procedures commensurate with the size of its business; and
 - 2.1.6 comply with all applicable legal and regulatory requirements at the time of admission and thereafter in relation to its securities on Sharemark, including the adherence to all proper standards of market conduct.
- 2.2 All Primary Fundraising applicants, who must be supported by a Sharemark approved Sponsor, will be subject to an initial review by the Committee following completion and submission (a) by the company of a Primary Fundraising Application Form (PAF 1) and (b) by each of the directors of the company of a Declaration of Director's Business Activities form (AF4) .

3 Company Admission Requirements

- 3.1 The Committee may admit securities to Sharemark after evaluating the information provided by a company and its advisers. The Committee will make its own enquiries about companies and will exercise discretion as to whether or not to allow securities to be admitted, and whether to relax any admission requirements or impose additional ones.
- 3.2 To be eligible for admission to Sharemark, a company must satisfy the Committee that at the time of admission and, where appropriate, thereafter, it:-
 - 3.2.1 is incorporated in the United Kingdom;
 - 3.2.2 has a corporate bank account with a UK credit institution;
 - 3.2.3 has at least one year's audited accounts (without any statements as to fundamental uncertainty) which should have been made up to a date no more than 9 months prior to either the date of admission to Sharemark or the publication of a Relevant Document (if earlier);
 - 3.2.4 has management information systems and a sound system of internal controls appropriate to its size, so as to provide a reasonable basis for the company to make informed decisions about its financial position and prospects;
 - 3.2.5 is able to demonstrate that the securities being admitted to dealing are freely transferable and are capable of being settled through CREST (except, in the case of a Closed User Group);
 - 3.2.6 is able to demonstrate that its directors are fit and proper persons with experience relevant to the type of business seeking admission to Sharemark and with a suitably qualified

- person in charge of the company's finance function;
- 3.2.7 is able to demonstrate the presence on the board of directors of one or more persons independent of either the controlling shareholders or the executive management team;
- 3.2.8 has sufficient securities held in Public Hands;
- 3.2.9 has adopted a code of dealings in relation to the securities of the company for directors and their connected persons and relevant staff, based on the UK Listing Authority's Model Code on Directors' Dealings;
- 3.2.10 will operate in compliance with the standards set out in the City Code on Takeovers & Mergers. In relation to companies seeking to utilise the Primary Fundraising Service, unless the City Code on Takeovers & Mergers applies to a company, such company must incorporate into its articles of association provisions granting, as far as practicable, protections and restrictions equivalent to those contained in the City Code on Takeovers & Mergers; and;
- 3.3. is and remains compliant with this Sharemark Code of Practice, as amended from time to time.
- 3.4 Companies whose main commercial activity is either the management of cash or securities will be capable of being admitted to Sharemark and may not be required to provide one year's audited accounts.
- 3.5 Exceptionally companies incorporated outside the United Kingdom may be admitted to Sharemark, at Sharemark's sole discretion.

4 Prospectuses, Admission Documents and Admission Statements

- 4.1 Before a company seeks admission of its securities to Sharemark it will, whether it is seeking to utilise the Primary Fundraising service and/or the Secondary Market facility, be required to submit to the Committee and, subsequently, publish before admission a Prospectus, an admission document ("Admission Document") or an admission statement ("Admission Statement") (each, a "Relevant Document"), as appropriate, and as further required below.
- 4.2 For companies seeking to utilise:-
- 4.2.1 the Primary Fundraising service either for the first time or on subsequent occasions, such companies will normally be required to publish an Admission Document (complying with the contents requirements below) unless a Prospectus is required to be published. Companies must consult closely with their approved Sponsor who will be able to advise them as to the contents requirements for any Prospectus or Admission Document to be published. Such documents may constitute a Financial Promotion under section 21 Financial Services and Markets Act 2000;
- 4.2.2 the Secondary Market Facility only, such companies will normally only be required to publish an Admission Statement (complying with the contents requirements below). Companies issuing an Admission Statement should consult with the Committee as to the contents requirements for such statement and should either be guided by their own professional advisers or should seek appropriate professional advice.

In every case, the Committee will evaluate the information submitted by a company to ensure that it meets the Committee's requirements, although admission to Sharemark will not be a comment on the company's suitability as an

investment.

- 4.3 Companies which are legally required to publish a Prospectus must do so before admission and, subject to the exceptions set out in the relevant law and regulation, include in the Prospectus:-
- 4.3.1 all such information as is required to be included by law and regulation (the "prospectus information"); and
- 4.3.2 all such other information as investors and their professional advisers would reasonably require, and reasonably expect to find there, for the purpose of making an informed assessment of:-
- the assets and liabilities, financial position, profits and losses and prospects of the company; and
 - the rights attaching to the company's securities,
- (the "additional information").
- Whilst the Committee cannot determine or approve the prospectus information to be included in a Prospectus (this will be the responsibility of the Financial Services Authority or other competent authority), the Committee will need to be satisfied in relation to the additional information to be included.
- 4.4 Companies which are not legally required to publish a Prospectus must publish, before admission, in relation to companies seeking to utilise (a) the Primary Fundraising service, an Admission Document, or (b) only the Secondary Market facility, an Admission Statement, in either case including the information set out in paragraph 4.3.2.

Admission Statements should normally comprise of a corporate summary, of at least 500 words, including a brief summary of prospects and activities for the forthcoming year and a statement explaining why the applicant is applying to have its shares traded on Sharemark, together with any additional supporting documentation required to comply with the requirements above.

- 4.5 The Committee may, after reviewing the Relevant Document and, where relevant, following discussions with a company's approved Sponsor, require such changes or additions to the information contained in the Relevant Document as it may in its absolute discretion decide.
- 4.6 In relation to the contents of any Relevant Document, companies are reminded that:
- 4.6.1 they should disclose, inter alia, any bankruptcies, sequestrations, criminal and judicial proceedings in which any of their directors have been involved, and other pertinent information relating to them, as disclosed within the Declaration of Director's Business Activities forms (AF4), within the Relevant Document; and
- 4.6.2 a company and its directors will be expected, jointly and severally, to take responsibility for the contents of the Relevant Document and include a declaration in such document stating that, having taken all reasonable care to ensure that such is the case, the information contained in the Relevant Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 4.7 Companies already admitted to either the Official List, AIM, PLUS Markets or other public securities market may, at Sharemark's sole discretion, be capable of being admitted to Sharemark without the need to publish a Prospectus, Admission Document or similar document provided that they can demonstrate compliance in full with all the requirements of the market where they are currently traded and that information already published by such company (such information being easily accessible to investors) remains

accurate, complete and not misleading.

- 4.8 When a Relevant Document is in final form (as agreed between the Committee and the company or its approved Sponsor), Sharemark will publish such document on the company's section on the Sharemark website.

5 Other Documentation, Application Procedure and Fees

Primary Fundraisings

- 5.1 In relation to companies seeking to utilise the Primary Fundraising service and, thereafter, the Secondary Market facility, the company must submit the following to the Committee:-

First stage information

- 5.1.1 a completed Sharemark application form (PAF1); and
- 5.1.2 completed Sharemark Declarations of a Director's Business Activities (AF4) signed by each director of the company, in each case at least 20 business days prior to the date on which it is intended that the Relevant Document of the company is to be published;
- 5.1.3 the company's report and accounts for the last three years, or since incorporation, if later, and its latest half yearly interim results (if any) (in PDF format);

Second stage information

- 5.1.4 an advanced draft of the Relevant Document and, if relevant, any investor presentation (as referred to in paragraph 5.1.13 below) (in both cases, in hard copy and PDF format);
- 5.1.5 a completed Sharemark Admission and Dealing Agreement (AF2);
- 5.1.6 a completed direct debit form for quarterly charges (AF3);
- 5.1.7 a copy of the company's Memorandum and Articles of Association (in PDF format);
- 5.1.8 the company's anti-bribery and inducements policy (in accordance with the Bribery Act 2010);
- 5.1.9 a copy of a board resolution of the company (a) authorising the company to seek admission of its securities to Sharemark and enter into the arrangements in connection therewith, (b) confirming that the accuracy and completeness of the contents of the Relevant Document and any other information provided to Sharemark in connection with the admission of the company's securities has been properly verified and (c) undertaking to:-
- meet the requirements of the Sharemark Code of Practice;
 - comply with the City Code on Takeovers and Mergers;
 - comply with the UK Listing Authority's Model Code on Directors' Dealings; and
 - comply with the UK Market Abuse and Insider Dealing regimes (as detailed within the Financial Services and Markets Act 2000, Criminal Justice Act 1993 and the FSA Rules), as amended from time to time, and apply their terms to all relevant staff and the company's dealings in its own securities, in each case at least 10 business days prior to the date on which it is intended that the Relevant Document of the company is to be published;

Third stage information

- 5.1.10 a final draft of the Relevant Document and, if relevant, any investor presentation (in both cases, in hard copy and PDF format), at least 1 business day prior to the date on which it is intended that the Relevant Document of the company is to be

published;

Final stage information

- 5.1.11 where new securities in the company are to be admitted to Sharemark, a copy of a board resolution (or resolutions) of the company (a) confirming the receipt of the approval of the company's shareholders, where required, to the issue and allotment of such securities and (b) authorising the company to issue and allot such new securities, where relevant, conditionally only on Sharemark confirming the admission of such securities to Sharemark;
- 5.1.12 an announcement (which Sharemark will publish on the company's Announcements section of the Sharemark website) indicating the outcome of any fundraising activities and the net proceeds of the fundraising, after deduction of expenses,
- in each case no later than on 3 pm on the last business day prior to the date on which admission of the company's securities is expected to occur; and

Optional information

- 5.1.13 an investor presentation by the company, derived wholly from the contents of the Relevant Document, may be made available online, at the company's discretion.

Secondary Market Facility

- 5.2 In relation to companies seeking only to utilise the Secondary Market facility, the company must submit the following to the Committee:-
- 5.2.1 a completed Sharemark application form (SAF1);
- 5.2.2 the documentation or information set out above in paragraphs 5.1.2 to 5.1.10 and, if relevant, paragraph 5.1.13; and
- 5.2.3 the payment in cleared funds of the relevant Fees (in accordance with the requirements of paragraph 5.8 below), in so far as such Fees are payable in advance of the commencement of dealings in the company's securities.

General

- 5.3 If it comes to the attention of the company, its directors or the company's approved Sponsor (each acting with due care and enquiry) between the time of the submission of the Relevant Document or any other documentation or information submitted to the Committee (together, the "Application Documentation") and the admission of the company's securities to Sharemark that any of the contents of the Application Documentation or opinions expressed within such documentation are not or are no longer accurate and complete or are or have become misleading, this must be brought to the immediate attention of the Committee which may then decide, having regard to the relevant matter, whether the admission of the company's securities to Sharemark may proceed and, if so, what conditions, if any, may attach to such admission.
- 5.4 The Committee reserves the right to require further information from any company before admitting its securities to Sharemark or to impose conditions on the admission of securities to Sharemark, as it may in its absolute discretion decide. In addition, the approved Sponsor of the company (in the case of Primary Fundraising applicants) and/or an applicant's professional advisers may require further information from an applicant before proceeding to assist with a formal application to the Committee for admission of a company's securities to Sharemark.
- 5.5 Sharemark may, following consultation with a company or its approved Sponsor (where relevant), agree to vary the timing requirements referred to above for the filing of the Application

Documentation.

- 5.6 The Committee reserves the right, in its absolute discretion, to refuse to approve a company's application for admission to Sharemark at any time.

Fees and Proceeds of any Fundraising

- 5.7 In relation to the fees payable to Sharemark by the company (the "Fees");-
- 5.7.1 for Secondary Market (only) applicants, the following Fees are payable:-
- the initial application fee of £1,950 (plus VAT) (the "SM Application Fee");
 - where companies are admitting an additional class of security to the Secondary Market, such admission will be subject to a reduced application fee of £975 (plus VAT) per each additional class of security;
 - a quarterly fee of £1,250 (plus VAT) payable quarterly in advance (the "Quarterly Fee"). If the company commences trading part way through a quarter, the first Quarterly Fee will be apportioned on a pro rata basis;
 - where companies are admitting an additional class of security to the Secondary Market, such admission will be subject to a reduced quarterly charge of £375 (plus VAT) per each additional security apportioned on a pro rata basis as above;
- 5.7.2 for Primary Fundraising applicants, the following Fees are payable:-
- subject to paragraphs 5.8.1 and 5.8.3 below, a Primary Fundraising administration fee of up to £24,000 ("PF Admin Fee") (plus VAT, to the extent applicable) (where one or more classes of security are being admitted at the same time under the Primary Fundraising service);
 - subject to paragraphs 5.8.2 and 5.8.3 below, a commission fee ("PF Commission Fee") equal to 5% of the gross proceeds (i.e. before any deductions of fees, expenses, taxes etc.) of the fundraising ("fundraising proceeds") (plus VAT, to the extent applicable); and
 - subject to paragraph 5.9 below, the Fees payable for the Secondary Market facility referred to in paragraph 5.7.1 above.
- 5.8 In relation to companies using the Primary Fundraising service:-
- 5.8.1 as regards the payment of the PF Admin Fee:-
- the first portion of this fee, being £5,000 (plus VAT, to the extent applicable), will be treated as being payable following the Committee reviewing the "First stage information" referred to above in paragraph 5.1 and determining that the company may proceed with its application to seek admission to Sharemark;
 - the second proportion of this fee, being a further £10,000 (plus VAT, to the extent applicable) will be treated as being payable following the Committee reviewing the "Third stage information" referred to above in paragraph 5.1 and determining that the Relevant Document may be published; and
 - the third portion of this fee, being a further £9,000 (plus VAT, to the extent applicable) will be treated as being payable on the completion of the fundraising conducted by the company;
- 5.8.2 as regards the payment of the PF Commission Fee, this will be treated as payable on the completion of the fundraising conducted by the company;
- 5.8.3 as regards the actual payment of any portion of the PF Admin Fee and/or the PF Commission Fee payable (the "PF Fees"),

the PF Fees will either:

- be deducted by Sharemark from the fundraising proceeds before the net fundraising proceeds are paid by Sharemark to the company, with Sharemark having issued an invoice to the company immediately before such deduction; or
 - if a fundraising does not successfully complete, be payable on Sharemark issuing the company with an invoice for the PF Fees (which it will issue following such event);
- 5.8.4 Sharemark reserves the right (without any obligation), before the net proceeds of a fundraising (i.e. less PF Fees) are paid by Sharemark to a company, to also deduct from such proceeds any commissions validly payable to an approved Sponsor (in relation to any sums raised under the fundraising on the company's behalf).
- 5.9 In relation to the Fees payable by companies in respect of the Secondary Market facility (where such company's securities have been admitted to Sharemark through the Primary Fundraising service):-
- 5.9.1 no SM Application Fee will be payable by such companies for the admission of securities to the Secondary Market facility that were the subject of the Primary Fundraising service and in respect of which the PF Admin Fee has been paid; and
- 5.9.2 the Quarterly Fee otherwise payable in respect of the first full calendar year quarter shall be treated as having been paid on the payment of the PF Admin Fee. If the company commences trading part way through a quarter, the next Quarterly Fee thereafter will be apportioned on a pro rata basis, taking into account the period of trading during the first quarter.
- 5.10 Dealings in a company's securities will not commence or admission of the company's securities will not occur until any outstanding Fees have been paid to Sharemark in full. The Committee reserves the right to suspend dealings in a company's securities in the event of non-payment of subsequent Fees.

6 Methods of Fundraising

- 6.1 A company seeking to utilise the Primary Fundraising service should discuss with its approved Sponsor and Sharemark the structure for any fundraising and the method by which new securities might be offered to prospective investors (the "fundraising structure"), together with any terms and/or conditions applicable to such fundraising structure.
- 6.2 Sharemark would expect that the fundraising structure adopted by any company would normally provide that, in the case of oversubscriptions by prospective investors in relation to any particular fundraising, investors would each be granted a minimum application amount in relation to their applications for securities with any oversubscriptions thereafter to be scaled back on a pro-rata basis.

7 Continuing Obligations for Companies

- 7.1 A company admitted to Sharemark must:-
- 7.1.1 continue to comply with the Eligibility Requirements;
- 7.1.2 make appropriate and timely disclosures so as to ensure that the market in the company's securities is at all times properly informed of matters which either:
- may lead to a substantial movement in the price of those securities, or in the case of debt securities, significantly affect the company's ability to meet its commitments; or

- investors would, having regard to the nature of the company and the securities in question, reasonably require, and reasonably expect to be disclosed, for the purposes of making an informed assessment of (a) the assets and liabilities, financial position, profits and losses and prospects of the company and (b) the rights attaching to the company's securities,

subject in either case to such exceptions as Sharemark may reasonably prescribe from time to time;

- 7.1.3 provide Sharemark with appropriately verified, whether by way of audit or otherwise, periodic financial statements and other reports, in accordance with the minimum acceptable standards set out in paragraphs 7.2 and 7.3 below;
- 7.1.4 ensure that the company and its advisers take all reasonable care to ensure that any statement or forecast or any other information it notifies to Sharemark is accurate, complete and not misleading and does not omit anything likely to affect the import of such statement, forecast or other information;
- 7.1.5 ensure that all statements, forecasts and other information that require disclosure on Sharemark (in accordance with this paragraph 7.1) comply with all applicable law and regulation, including, but not limited to, section 21 Financial Services and Markets Act 2000 (Financial Promotions) and the FSA Rules, if applicable;
- 7.1.6 immediately notify Sharemark if there is a material decline in the number of the company's securities in Public Hands or there is no longer a proper market in the company's securities, taking into account the nature of the security traded and the anticipated level of liquidity that an investor would reasonably expect in such a security; and
- 7.1.7 notify Sharemark of all transactions by its directors in the company's securities admitted to Sharemark within two business days of the transaction date, whether on or off market, specifying the nature of the transaction, the number of securities or units involved and the transaction price per security or unit.
- 7.2 Companies must publish:-
 - 7.2.1 annual accounts prepared in accordance with UK Generally Accepted Accounting Principles or International Accounting Standards no later than six months after the end of the financial period to which they relate; and
 - 7.2.2 a half yearly report in respect of the first six month period of any financial period no later than three months after the end of the period to which they relate, which should at least include a summary profit and loss, balance sheet and management commentary.
- 7.3 Companies choosing to publish quarterly figures should do so within two months of the period to which they refer.
- 7.4 All statements, forecasts and other information required by Sharemark (in accordance with this paragraph 7) must be provided to Sharemark as soon as reasonably practicable in an electronic format that can be published on the company's Announcements section on the Sharemark website; and
- 7.5 Any statements, forecasts or other information making reference to Sharemark or The Share Centre must be submitted to Sharemark for review in good time before publication.

Cancellation or Suspension of Services or Admission

- 8.1 Secondary Market dealing in a company's securities will be subject to ongoing monitoring by Sharemark's Compliance and Legal Services Department.
- 8.2 Sharemark's Compliance and Legal Services Department reserves the right to:-
 - 8.2.1 postpone, suspend or cancel dealings on Sharemark in a company's securities (without any prior notice), where:-
 - it is considered, by Sharemark, in its sole discretion, to be in the best interests of investors; or
 - where a company does not comply with this Sharemark Code of Practice (or where a company has breached this Code of Practice and the Committee has permitted the company to remedy its breach but the company has failed to do so); or
 - a Force Majeure Situation has occurred.
 - 8.2.2 refuse to accept or to subsequently delete any investors' orders, where it is considered by Sharemark, in its sole discretion, to be in the best interests of other investors, or where the order is reasonably considered to be intended to manipulate or otherwise distort the indicative price of the company's securities;
 - 8.2.3 amend the logic of the auction algorithm, where it is considered, by Sharemark, in its sole discretion, to be in the best interests of investors; and
 - 8.2.4 in extreme cases (including, but not limited to, where a company does not comply in a material respect with this Sharemark Code of Practice or where a company has breached in a material respect this Code of Practice and the Committee has permitted the company to remedy its breach but the company has failed to do so) terminate Sharemark's Admission and Dealing Agreement with a company (and, thereby, the admission of the company's securities to Sharemark) without prior notice and in its absolute discretion.
- 8.3 Any company may, in accordance with the terms of its Admission and Dealing Agreement, without the consent of the company's shareholders, terminate its Admission and Dealing Agreement (and, thereby, the admission of the company's securities to Sharemark) on 3 months' notice to Sharemark. The market will immediately be notified by announcements on the company's Announcements section of the Sharemark website both on a company serving such notice on Sharemark and immediately before such termination occurs.
- 8.4 In exercising its powers in paragraph 8.2 above or in the company exercising its rights under paragraph 8.3 above, Sharemark accepts no liability to the company concerned, its approved Sponsor or approved Intermediary, holders of the company's securities, prospective investors in the company's securities or any other party.
- 8.5 Where the Compliance and Legal Services Department has taken action in accordance with paragraph 8.2 above, full details of the event and the action taken may be communicated to the Financial Services Authority or any other relevant person or authority, where this is necessary to discharge Sharemark's legal or regulatory functions.
- 8.6 Sharemark may disclose information within its possession:-
 - 8.6.1 in order to co-operate with persons responsible for the investigation or prosecution of financial crime or other offences;
 - 8.6.2 in order to carry out its regulatory functions including for the purpose of bringing or defending legal proceedings; and
 - 8.6.3 otherwise with the consent of a company, or insofar as required or permitted by law.

8 Monitoring, Compliance,

In addition, Sharemark may publish such information, after giving reasonable notice to a company which has failed to do so, to ensure that investors receive the information to which they are entitled under this Sharemark Code of Conduct.

- 8.7 The Compliance and Legal Services Department will conduct a Compliance Review of every Sharemark auction during the one hour period following the last time for submission of orders (or half an hour in the case of dual traded stocks), in a company's securities, prior to the announcement of a "firm" auction dealing price. An audit trail will be retained for legal and regulatory purposes.

9 Investor Access to Sharemark and Approved Intermediaries

- 9.1 There are two methods by which investors may access Sharemark:-
- 9.1.1 by using other Intermediaries approved by Sharemark to interface directly with Sharemark (as explained in paragraph 9.7 below); or
- 9.1.2 by using The Share Centre as their stockbroker (as explained in paragraph 9.13 below).
- 9.2 Investor orders to deal in the Secondary Market on Sharemark must be Limit Orders, by either quantity of shares or value of intended deal consideration. A Limit Order may be submitted at any price level and may be accepted for any period of up to 12 calendar months.
- 9.3 Where there are more buyers than sellers (or vice versa) at an auction price level, those orders to buy at higher prices or sell at lower prices always take priority over less aggressive prices. Orders will then be dealt according to time priority (i.e. at a particular price level, the order will then be dealt with on a 'first come, first served' basis).
- 9.4 Subject to paragraph 9.5 below, orders may be deleted or amended at any time. Amending an order is equivalent to deleting and re-submitting an order in terms of time priority (i.e. an amended order loses its place in the queue).
- 9.5 No orders in a company's securities will be accepted, amended or deleted during the Compliance Review, other than with the express permission of The Share Centre's Compliance and Legal Services Department.
- 9.6 All deals will be subject to the standard London Stock Exchange settlement period (currently Trade Date + 3).

Sharemark Approved Intermediaries

- 9.7 Sharemark may approve Intermediaries for direct access to Secondary Market dealings subject to an application procedure, in respect of which Sharemark can provide further details. Normally such Intermediaries will be authorised and regulated by the FSA or an appropriate overseas regulator and have appropriate regulatory permission to deal in equities on an agency or principal basis.
- 9.8 An approved Intermediary must be able to demonstrate, to the satisfaction of Sharemark, that, inter alia:-
- 9.8.1 it is fit and proper;
- 9.8.2 it has a sufficient level of trading ability and competence in relation to the types of activities it proposes to conduct on Sharemark;
- 9.8.3 it has adequate organisational arrangements;
- 9.8.4 it has sufficient resources;
- 9.8.5 it is able to perform its required activities and responsibilities in accordance with applicable legislation or regulation in any country in which it operates; and

- 9.8.6 has adequate internal systems and procedures appropriate for the activities it proposes to conduct on Sharemark.
- 9.9 If an Intermediary does not continue to satisfy the requirements set out above, Sharemark may, without prior notice, revoke the approved status of an Intermediary at any time, without any liability to such Intermediary, the company, holders of the company's securities, prospective investors in the company's securities or any other party.
- 9.10 Upon approval, the Intermediary will be provided with a counterparty credit limit for Secondary Market dealings and can place orders directly via the internet and is not required to lodge cash (when buying) or stock (when selling) in advance. The Intermediary agreement with Sharemark does, however, contain an undertaking that no orders will be placed which may result in short-selling. All sale orders placed by approved Intermediaries must specify a quantity of shares (rather than a value).
- 9.11 The names of Sharemark approved Intermediaries will be published on the Sharemark website unless specifically requested otherwise. Details will include the name of the firm, postal address, telephone number and web address.
- 9.12 Account-handling, custody and transaction reporting procedures are the responsibility of the approved Intermediary. All Sharemark transactions with approved Intermediaries will be settled to the appropriate CREST account.

Using The Share Centre as Stockbroker

- 9.13 Customers of The Share Centre with an account containing either available cash (for purchases) or shares in the company (for sales) can deal in Sharemark securities. Details on how to open an account can be obtained from The Share Centre's Customer Service Department (Tel. 01296 41 41 41) or from The Share Centre's web site, www.share.com.
- 9.14 Orders may be submitted by internet, telephone, post, email or fax. After validation against cash available (in relation to purchases) or holdings (in relation to sales), the order is included immediately in the Sharemark price display. Customers are informed forthwith by post or, if applicable, email when their order has been dealt.
- 9.15 Certificated holders of securities in companies traded on Sharemark, without an account at The Share Centre, may also sell their securities by using the appropriate forms, which may be obtained from The Share Centre's Customer Service Department (Tel. 01296 41 41 41).

10 Publication of Prices and Dealing Volume

- 10.1 In relation to Secondary Market dealings, all securities of companies traded on Sharemark will be subject to the following publication requirements:-
- 10.1.1 an indicative auction price will be displayed on the Sharemark web site at all times, save during the Compliance Review, and subject to there being at least one sale order and one purchase order and those purchase and sale orders both capable of being dealt at the indicative price;
- 10.1.2 the Sharemark website will include details of historic prices and volumes for each security;
- 10.1.3 the Sharemark website will display the number of orders received and the volume of shares to be matched at each price level, with full anonymity for approved Intermediaries and investors; and
- 10.1.4 where a security is also admitted to another trading venue, Price Tick Sizes may vary between that venue and Sharemark.

In such event, the Limit Price of any Limit Orders falling outside the Sharemark Price Tick Size will be amended to the nearest Price Tick Size which still complies with the terms of the Limit Price of the Limit Order, and will be displayed on the Sharemark website at the amended Price Tick Size.

- 10.2 Sharemark will seek to publish indicative auction prices as widely as possible which may include snapshots of the price and depth of volume in a security at any given time.

11 Approved Sponsors

- 11.1 Sharemark may approve Sponsors for advising on Sharemark Primary Fundraisings subject to an application procedure, in respect of which Sharemark can provide further details. Normally such Sponsors will be authorised and regulated by the FSA or an appropriate overseas regulator and have appropriate regulatory permission to, inter alia, advise on investments in shares and other securities.
- 11.2 An approved Sponsor must be able to demonstrate, to the satisfaction of Sharemark, inter alia, compliance with the requirements of paragraph 9.8 above.
- 11.3 Sharemark expects an approved Sponsor to:-
- 11.3.1 assist a company in the Primary Fundraising process;
- 11.3.2 ensure, so far as it is reasonably able, that the companies for whom it acts and such companies' directors understand their obligations and responsibilities under this Sharemark Code of Conduct in relation to Primary Fundraisings and comply with

such obligations and responsibilities;

- 11.3.3 maintain an ongoing, open and honest dialogue with the companies (for whom it acts in relation to Primary Fundraisings), such companies' directors and Sharemark;
- 11.3.4 provide to Sharemark, where required by Sharemark, prompt co-operation and assistance; and
- 11.3.5 disclose to the Committee any information known to the approved Sponsor and relevant to any matter being considered by the Committee in relation to a proposed Primary Fundraising (and correct or update that information if, so far as the approved Sponsor is aware, such information changes). An approved Sponsor to whom enquiries or requests are directed by the Committee is also expected to take all reasonable care not to provide inaccurate, incomplete or misleading information to the Committee.
- 11.4 If an approved Sponsor does not continue to satisfy the requirements set out above, Sharemark may, without prior notice, revoke the approved status of a Sponsor at any time, without any liability to such Sponsor, the company, holders of the company's securities, prospective investors in the company's securities or any other party.
- 11.5 The names of Sharemark approved Sponsors will be published on the Sharemark website unless specifically requested otherwise. Details will include the name of the firm, postal address, telephone number and web address.

Definitions & Glossary

Admission Document	The document referred to in paragraph 4.
Admission Statement	The statement referred to in paragraph 4.
Application Documentation	The documentation referred to in paragraph 5.3.
Committee or Sharemark Applications Committee	The appointed executive personnel of Sharemark.
Company or applicant	A company utilising or seeking to utilise the Primary Fundraising service and/or the Secondary Market facility.
Closed User Group	A facility enabling a finite number of investors, as opposed to the public, to deal in the company's securities.
Compliance Review	An audit undertaken by The Share Centre's Compliance and Legal Services Department, primarily to ensure that a fair auction price has been achieved.
CREST	The London based clearing service provided by Euroclear UK & Ireland Limited.
Eligibility Requirements	The requirements set out in paragraph 3.2.
Fees	The fees payable to Sharemark by a company in accordance with paragraphs 5.7 to 5.9.
Financial Promotion	The communication of an invitation or inducement to engage in investment activity.
FSA	The Financial Services Authority.
FSA Rules	The FSA handbook of rules and guidance.
Force Majeure Situation	Any circumstance in which Sharemark fails, interrupts or delays performing its obligations because of an event not reasonably within its control. This includes, but is not restricted to, any delay, breakdown or failure of any transmission or telecommunication or computer systems or facilities (internally or externally), strikes or other industrial action or dispute, or the failure of any relevant exchange, clearing house, broker, independent software vendor, settlement agent or bank to perform its obligations or to operate efficiently and correctly.
Intermediary	An FSA authorised and regulated entity able to engage in investment activities with direct access to Secondary Market dealings, approved in accordance with the requirements set out in paragraph 9.7.
Limit Order	A current customer order subject to execution at no worse than a specified Limit Price.
Limit Price	The price set by a customer below (sale) or above (purchase) which the order must not be matched.
Markets in Financial Instruments Directive	Directive 2004/39/EC of the European Parliament and of the Council.
Offer Price	As referred to in paragraph 12, in relation to companies also traded on Investbx, the price at which securities will be offered to investors.
Prospectus	A prospectus published under the Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council) or any relevant implementing measure under such directive.
Price Tick Size	The smallest increment in which the price of a Sharemark security can fluctuate.
Primary Fundraising	The capital raising service for Sharemark securities.
Public Hands	Securities will not be regarded as being held in Public Hands if they are held directly or indirectly by a director, or a person connected with a director, of the company or any of its subsidiary undertakings, the trustees of any employees' share scheme or pension fund established for the benefit of any directors and employees of the company and its subsidiary undertakings, any person who by virtue of any agreement has a right to nominate a person to the board of directors of the company, or any person who is interested in 5% or more of the securities of the relevant class, unless Sharemark determines that, in all the circumstances, such person can be included within the definition of 'Public'.
Relevant Document	A Prospectus, Admission Document or Admission Statement.
Secondary Market	The market for dealing in Sharemark securities following their issue.
Sponsor	An FSA authorised and regulated entity able to engage in investment activities and responsible for advising and assisting companies on Primary Fundraisings, approved in accordance with the requirements set out in paragraph 11.1.

Sharemark is administered by The Share Centre Limited

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