



Marcus Stuttard
Head of AIM
London Stock Exchange
10 Paternoster Square
London
EC4M 7LS

Via email: mstuttard@londonstockexchange.com

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Liquidation of Beaufort Securities and AIM Market Regulation

Dear Marcus,

Thank you for your positive engagement to date, in our dialogue seeking to improve regulation of the AIM market.

However, revelations by US prosecutors regarding Beaufort Securities and individuals employed by that firm, and related firms, raise considerable cause for concern. I have detailed those revelations (which I imagine you are well aware of) here:

<https://www.sharesoc.org/blog/regulations-and-law/beaufort-regulators-us-prosecutors-expose-wide-ranging-scam/>

In particular the allegations are that those firms and individuals operated "pump and dump" schemes in relation to US OTC quoted securities. It seems likely that those same individuals and firms were operating similar schemes for AIM listed companies that they advised.

One of ShareSoc's members has charted the shares prices of Beaufort's clients, attached at Figure 1. Many of these exhibit a behaviour consistent with the operation of P&D schemes, i.e. rapid share price appreciation, followed by a collapse.

The type of behaviour alleged by the US authorities, and which we believe to be widespread here, lies at the heart of our concerns about the regulation of the AIM market.

We are therefore writing now to ask what actions your regulatory team is undertaking to investigate those firms that remain quoted on AIM, formerly advised by Beaufort and which may have been subject to P&D schemes? This should be evident by properly examining the RNSs issued by those firms (are they "news that's not really news"?).

I would add that I do not believe that Beaufort clients should be the sole subject of investigations. As well as numerous failed Chinese firms, I believe that the natural resources sector is rife with this type of behaviour. For example, are you investigating UK Oil & Gas and the ludicrous hype it generated around its various discoveries (notoriously

Horse Hill), none of which has yet proved commercial? This led to substantial losses by naïve investors believing the hype.

Of course, it remains the case that the majority of AIM quoted companies are legitimate businesses with honest boards. These firms, however, are tainted when a significant minority flout the rules with apparent impunity.

We look forward to hearing what actions you are taking to counter this.

Kind regards,

Mark Bentley

Director

ShareSoc

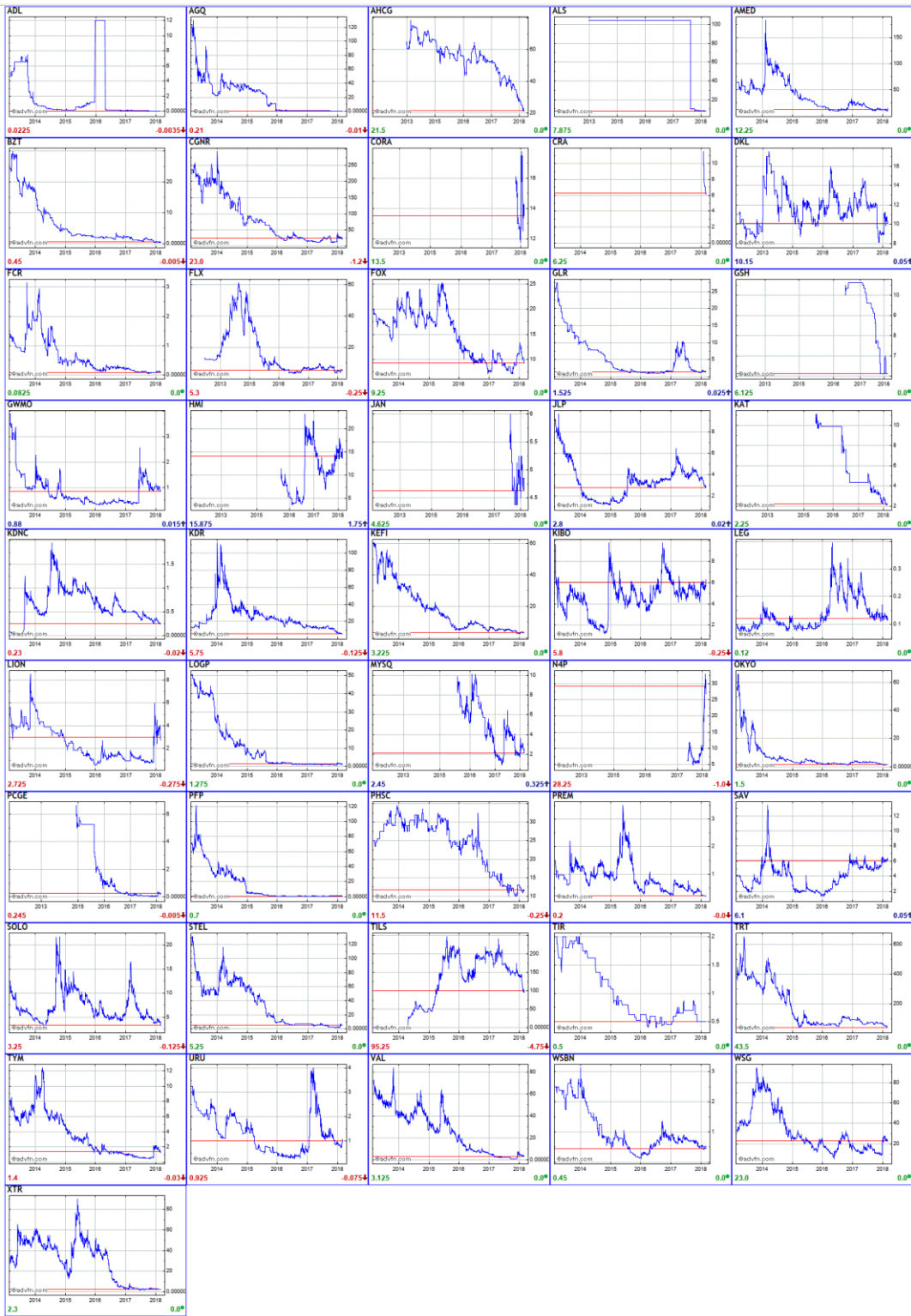


Figure 1 – 5 year share price charts of Beaufort clients