# AIM’s 30th anniversary highlights urgent need to rekindle investor risk appetite and regulatory reform



The Alternative Investment Market (AIM), London’s junior market, marks its 30th anniversary amid significant challenges that underscore a decades-long shift in investment appetite and economic policy. Established in 1995 as a platform for smaller, growth-focused companies to access capital with more flexible listing rules than the main London Stock Exchange (LSE), AIM originally flourished as a vibrant marketplace for entrepreneurs and investors embracing risk. However, its current trajectory paints a sobering picture: the number of companies listed has sharply fallen from its peak of 1,694 in 2007 to just around 650 today, the lowest since 2001.

Marcus Stuttard, AIM’s chief executive, highlighted a deep-rooted change in British investor behaviour over the past decade. Speaking about AIM’s 30 years, he emphasised that the UK economy needs to “embrace risk” to stimulate higher growth, urging a renewed celebration and support of entrepreneurs who innovate and build new companies. Stuttard noted that investors must recognise that seeking superior returns inherently involves accepting the possibility of losses—a mindset that has waned in the UK as investors became increasingly risk-averse, favouring established and fast-growing US tech stocks over smaller, domestic ventures.

This risk aversion coincides with a range of external pressures weighing heavily on AIM. Recent UK government policies, such as the halving of inheritance tax relief on AIM shares announced by Chancellor Rachel Reeves, have further dampened incentives for holding AIM-listed shares, particularly among those seeking tax-efficient wealth transfer. Industry experts like Jason Hollands of Evelyn Partners have criticised this policy shift, noting its contradiction with the government’s stated ‘growth mission’ and its adverse impact on investor enthusiasm.

The decline in AIM-listed companies is not solely due to fiscal policy. Many companies have delisted or been taken over, often citing high costs and regulatory burdens. Data from the British Business Bank and market observers indicate the cost to list on AIM can be around £600,000, with annual maintenance expenses possibly exceeding £500,000, imposing a substantial financial strain on smaller firms. Additionally, stricter corporate governance and administrative demands have accumulated over time, which, although enhancing the quality standards on AIM, have paradoxically made it less attractive compared with alternative financing routes such as private equity or listings on US exchanges where valuations are perceived to be more favourable and capital pools deeper.

The London Stock Exchange has acknowledged these challenges and is contemplating reforms to AIM’s listing rules, aiming to reduce red tape and regulatory costs to rejuvenate the market. Industry figures argue that easing reporting requirements and corporate governance burdens could make AIM more competitive and accessible once again, potentially reversing the shrinking pipeline of initial public offerings (IPOs). Recent years have seen the lowest number of IPOs since the global financial crisis, with only a handful of new entrants competing to list on AIM in 2024.

Despite these setbacks, AIM’s economic contribution remains significant. Though smaller in size than its heyday, the market continues to facilitate capital raising for innovative companies, having helped over 4,000 firms raise approximately £135 billion since inception. In 2023 alone, AIM-listed companies contributed an estimated £68 billion to the UK economy. High-profile success stories, such as Jet2.com, demonstrate the potential for substantial long-term returns from investing in AIM companies, reinforcing the view that smaller companies can outperform over time if given adequate support.

There is growing consensus among market participants and policymakers that reversing AIM’s decline is critical for sustaining a diverse, dynamic UK equity market and fostering home-grown innovation. Suggestions include mandatory pension fund allocations to UK assets, reintroduction or expansion of tax-advantaged savings schemes encouraging retail investment, and more government-led initiatives to cultivate investor confidence. Public participation in stock ownership remains comparatively low in the UK, with fewer than a quarter of households investing directly in equities, contrasted with roughly 60% in the US, indicating scope for cultural and financial shifts that could help rejuvenate markets like AIM.

While AIM’s situation today is far from its peak, its role as a crucible for entrepreneurial growth and investment risk remains vital. Recalibrating incentives and regulatory frameworks to better match the needs of smaller and emerging companies could help AIM reclaim its position as a cornerstone of the UK’s economic fabric, supporting innovation and higher growth rates that the nation’s economy urgently seeks. The next 30 years will test whether AIM can adapt and thrive or continue its steady erosion amid global competition and shifting investor priorities.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[6]](https://www.uhy-uk.com/insights/aim-shrinks-61-companies-in-2024-25-companies-left-aim-lowest-level-2001), [[7]](https://www.cityam.com/aim-pocalypse-number-of-1bn-firms-on-junior-market-falls-to-nine-year-low/)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.ft.com/content/612517d4-8705-4db2-8041-e14742d0d051)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.reuters.com/world/uk/londons-withering-aim-market-set-lose-more-members-this-year-2025-01-16/), [[6]](https://www.uhy-uk.com/insights/aim-shrinks-61-companies-in-2024-25-companies-left-aim-lowest-level-2001)
* Paragraph 4 – [[5]](https://www.akingump.com/en/insights/alerts/the-london-stock-exchanges-discussion-paper-on-the-future-of-aim), [[6]](https://www.uhy-uk.com/insights/aim-shrinks-61-companies-in-2024-25-companies-left-aim-lowest-level-2001), [[4]](https://www.reuters.com/world/uk/londons-withering-aim-market-set-lose-more-members-this-year-2025-01-16/)
* Paragraph 5 – [[3]](https://www.ft.com/content/e6ea3171-bdcb-414a-bbbc-9857dc126ed7), [[2]](https://www.ft.com/content/612517d4-8705-4db2-8041-e14742d0d051), [[1]](https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 6 – [[2]](https://www.ft.com/content/612517d4-8705-4db2-8041-e14742d0d051), [[3]](https://www.ft.com/content/e6ea3171-bdcb-414a-bbbc-9857dc126ed7), [[1]](https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 7 – [[6]](https://www.uhy-uk.com/insights/aim-shrinks-61-companies-in-2024-25-companies-left-aim-lowest-level-2001), [[4]](https://www.reuters.com/world/uk/londons-withering-aim-market-set-lose-more-members-this-year-2025-01-16/), [[1]](https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 8 – [[6]](https://www.uhy-uk.com/insights/aim-shrinks-61-companies-in-2024-25-companies-left-aim-lowest-level-2001), [[2]](https://www.ft.com/content/612517d4-8705-4db2-8041-e14742d0d051), [[5]](https://www.akingump.com/en/insights/alerts/the-london-stock-exchanges-discussion-paper-on-the-future-of-aim)
* Paragraph 9 – [[1]](https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.ft.com/content/612517d4-8705-4db2-8041-e14742d0d051), [[3]](https://www.ft.com/content/e6ea3171-bdcb-414a-bbbc-9857dc126ed7)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.dailymail.co.uk/money/markets/article-14825983/Embrace-risk-boost-growth-pleads-boss-Londons-struggling-AIM-junior-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/612517d4-8705-4db2-8041-e14742d0d051> - As the Alternative Investment Market (AIM) approaches its 30th anniversary on June 19, 2025, investors are reminded of its lasting significance and potential. Established by the London Stock Exchange in 1995 to provide small, growth-oriented companies with access to capital, AIM initially attracted just 10 companies. By 2007, it had nearly 1,700 listings globally, though today fewer than 700 mostly UK-based firms remain, amid a broader decline in public listings. Despite recent setbacks, including the reduction of tax exemptions and political scrutiny, AIM continues to play a crucial role in economic growth and innovation. Since its inception, it has helped raise approximately £135 billion for over 4,000 companies. Annual contributions to the UK economy remain substantial, with £68 billion generated in 2023 alone. Prominent supporters like City Minister Emma Reynolds and Lord Mayor Alistair King emphasize the value of market diversification and champion AIM’s continued vitality. Although risk and volatility are inherent, history supports the long-term outperformance of smaller companies, exemplified by success stories like Jet2.com. Ultimately, AIM remains a fertile ground for investors seeking growth beyond mainstream stocks.
3. <https://www.ft.com/content/e6ea3171-bdcb-414a-bbbc-9857dc126ed7> - AIM, a sub-market of the London Stock Exchange, is celebrating its 30th anniversary, but celebrations will likely be muted. From its inception, AIM has helped over 4,000 companies raise more than £136bn and significantly contributed to the UK economy by creating jobs and generating taxes. However, the number of companies listing on AIM has drastically declined, with only 46 UK companies floating on AIM in the past three years, compared to 399 in 2005. Investor scepticism has increased, particularly after the chancellor removed half the inheritance tax benefits of investing in AIM stocks. The AIM All-Share index has seen a 37% drop in contrast to the FTSE 100's 31% rise over the past three years. Challenges include higher post-Covid interest rates and reduced UK equity exposure from institutional investors. Despite these hurdles, some investors see potential in AIM's cheaper valuations for long-term investments, focusing on undervalued stocks in sectors like construction, energy, fintech, and aggregates. The article suggests that with thorough research, diversification, and patience, investing in AIM can still offer rich opportunities and substantial returns, despite its current challenges.
4. <https://www.reuters.com/world/uk/londons-withering-aim-market-set-lose-more-members-this-year-2025-01-16/> - The Alternative Investment Market (AIM) in London is experiencing accelerated departures of companies as market valuations slump and recent changes in UK's tax rules make listings less attractive. In early 2025, Alliance Pharma and Team Internet are among the companies negotiating takeovers. AIM was initially created to support smaller companies in raising capital with fewer listing requirements, but many are now considering delisting or selling due to poor performance and continuous outflows from UK-focused equity funds. Among the challenges facing AIM are the halving of inheritance tax relief and a lack of IPOs. With 89 companies leaving AIM last year and only 18 new additions, concerns are rising about the future of AIM and its impact on the UK economy. Suggestions to reverse the decline include mandating pension schemes to invest in UK assets and reinstating tax-free savings plans for British stocks. The main exchange is also experiencing a similar decline, with some companies shifting listings to the U.S. for better valuations.
5. <https://www.akingump.com/en/insights/alerts/the-london-stock-exchanges-discussion-paper-on-the-future-of-aim> - Mirroring the rest of the UK equity capital markets (albeit to a lesser extent), AIM has been under increasing pressure over the last few years. This has been due to a number of factors including companies opting for alternative markets on the basis of perceived better growth opportunities and less stringent regulatory constraints. Whilst the AIM rules have remained broadly unchanged, the LSE has recognised that market practice has continued to evolve for companies, investors and intermediaries, resulting in increased due diligence and regulatory requirements (as compared to other markets), a higher administrative burden for issuers and an increasing overall cost of being admitted to AIM. This has been further compounded by declining capital and liquidity available to issuers. At its high-water mark, in 2007, 1,700 companies were listed on AIM. By January 2025, this figure stood at 680. AIM has also faced increased external competition from other markets (including US markets), particularly for technology and growth-focused companies. The combination of deeper capital pools and perceived higher valuations in the United States have persuaded more companies to list in the US rather than on AIM. Furthermore, many companies, particularly smaller ones, perceive the corporate governance requirements and the costs associated with being listed on AIM as excessive. Data from the British Business Bank suggests it costs at least £500,000 to list on AIM and over £100,000 annually to maintain the listing.
6. <https://www.uhy-uk.com/insights/aim-shrinks-61-companies-in-2024-25-companies-left-aim-lowest-level-2001> - The Alternative Investment Market (AIM) shrunk by a total of 61 companies in the last 12 months, after 71 companies delisted. There are now just 679 companies left on AIM. This is its lowest level since 2001 and is a dramatic shrink from the market’s peak in 2007 when 1,694 companies were listed on AIM. The main reasons given by companies for leaving AIM are the cost burdens and excessive red tape that come with being listed on AIM. Some companies say this makes it undesirable to remain listed. 11 companies left AIM last year citing the costs of maintaining a listing or the associated regulatory burden. Data from the British Business Bank says it costs around £600,000 to list on AIM and £500,000 a year to maintain a listing. In addition to the number of companies leaving AIM, IPOs have fallen to their lowest level since 2008/9, with just 10 last year. The low number of IPOs is partly due to the perceived costs of listing on AIM market versus raising capital through private equity. The overall weakness of the UK economy has also contributed to the shrinkage of AIM with 21 companies delisting from AIM because of financial stress and insolvency. Colin Wright, partner and UHY UK Group Chairman commented: The AIM IPO pipeline needs a jumpstart. Cutting back on some of the regulations surrounding AIM could help provide that. After all, the new Government has asked regulators to take a radical approach to cutting red tape to deliver growth. Trimming some of the reporting and less important corporate governance burdens on AIM companies would make the market more competitive. Ever stricter rules for AIM companies have increased the quality of companies on AIM but perhaps that process has gone too far. AIM now faces much tougher competition both from other European stock exchanges and from private equity. Obviously, raising money from private equity comes with very few of the regulatory burdens of an AIM listing. The Government’s halving of the inheritance tax relief on AIM shares has not helped to stimulate the market. The AIM market is however in the process of reviewing its listing rules, following an update of the listing rules for the LSE main market last year. The AIM market needs all the help it can get to boost the numbers of companies listed on its exchange and the liquidity of the shares traded. Possible changes to Cash ISAs may help as UK savers may then be encouraged to invest directly in shares. UK investors have tended to prefer holding their savings in cash rather than investing in individual shares. It is estimated that over 60% of US citizens invest directly in stocks and shares whereas less than a quarter of UK households do so. The UK Government and the LSE needs to take measures to encourage more retail investors which should help UK families prosper by achieving higher returns than cash and in turn providing more capital to growth companies in the UK to invest in their businesses.
7. <https://www.cityam.com/aim-pocalypse-number-of-1bn-firms-on-junior-market-falls-to-nine-year-low/> - The total number of companies on AIM at the end of 2024 hit the lowest level in 23 years, with only 688 firms listed on the stock exchange. This is down from a peak of nearly 1,700 in 2007. As well as a heightened number of exits, a dearth of IPOs has also sapped numbers from the junior market, with 2024 recording the second lowest number of IPOs in AIM’s history. “AIM needs a reboot if it is to stay relevant for another 30 years,” added Coatsworth. “The London Stock Exchange, FCA and government need to consider more incentives for companies to list on AIM and ways to attract a broader pool of investors to want to own the shares.”