

AQUIS STOCK EXCHANGE DISCIPLINARY DECISION NOTICE

BLOCK COMMODITIES LTD

8 SEPTEMBER 2020

AQSE Limited (“the Exchange”) announces that Block Commodities Ltd (“the Company”) has been sanctioned and fined £7,000 by the Aquis Stock Exchange (AQSE). The Exchange is publishing details of this censure, for the purpose of educating the market on the expected standards of conduct for AQSE companies and to emphasise the importance of complying with the rules of the Exchange.

The Company co-operated fully with the Exchange in the investigation and agreed to settle at an early stage; accordingly, the Company qualified for a 30% discount under the Exchange’s settlement procedures. Without this the financial penalty would have been £10,000.

INTRODUCTION

1. The Company was admitted to AQSE in December 2016 and is a commodity-focused trading company, operating primarily in Africa.
2. The relevant events which gave rise to the public censure relate to:
 - The Company’s failure to take reasonable care that information in its announcements of 27, 28, and 29 March 2019 was accurate, complete, relevant and fairly presented.
 - The Company’s failure to update the market as soon as possible in relation to inside information.
 - The Company’s failure to seek advice from its AQSE Corporate Adviser or to keep its Corporate Adviser properly informed.
3. These circumstances resulted in breaches of the AQSE Rules for Issuers.

BREACHES OF THE AQSE RULES

4. In three separate announcements on 27, 28 and 29 March 2019 the company confirmed that it had raised £400,000 through the issue of convertible loan notes to support the Company's entry into the cannabis market. In fact, although the Company had received placing agreements for this sum, only £8,000 cash had actually been received at the time of the announcements. The Company failed to update the market further until 15 November 2019 when it announced that it had issued £255,196 convertible loan notes "as contemplated in its announcement of 27 March 2019". It did not seek to explain or to correct the information contained in the previous announcements. Between 28 March 2019 and 15 November 2019 investors therefore had an inaccurate view of the company's financial position and, as a result, its ability to implement the investment strategy also set out in the announcements on 27, 28, and 29 March.
5. In announcing that funds had been raised when this was not the case the company was in breach of AQSE Rule 36.
6. In failing to update the market between the end of March and 15 November 2019 and to clarify the information announced in March the company was in breach of AQSE Rule 34.
7. In the same announcements on 27, 28 and 29 March 2019 the Company announced that it had agreed a 90-day option to acquire Greenbelt Company Ltd in Sierra Leone. Following the expiry of the option at the end of July 2019 the Company did not update the market regarding its status with the result that investors had incomplete information about the Company's position. In its announcement on 15 November the Company made reference to the agreement but did not specifically update investors on its status at that time. The Company did not update the market until requested to do so by AQSE in January 2020.
8. In failing to update the market at the end of the 90-day period the company was in breach of AQSE Rule 34.
9. In both these instances, the Company's failure to ensure that the market had access to complete, accurate and up-to-date information risked bringing the Exchange's reputation into disrepute and, as such, it was in breach of AQSE Rule 30.

10. Additionally, the Company did not approach its AQSE Corporate Adviser in a timely manner to seek its guidance on the above matters.
11. In failing to seek advice from or provide sufficient information to its AQSE Corporate Adviser the Company was in breach of AQSE Rules 32 and 33.
12. AQSE companies are expected to conduct themselves in accordance with the AQSE Rules for Issuers and other applicable regulations, and in a manner to uphold the reputation of the Exchange. Given the nature of the breaches, the Exchange considers that a public censure with a fine is the appropriate sanction. In determining the appropriate sanction, the Exchange has taken into account a number of factors including that the current CEO and FD have been appointed to the board since the events leading to the breach and have cooperated with the Exchange's subsequent investigation and disciplinary action.

Any questions regarding this Notice should be addressed to: aqseregulation@aquis.eu

Philip Olm

AQSE Regulation

APPLICABLE RULES AND REGULATIONS

AQSE Rule 34

An issuer must announce as soon as possible inside information in accordance with its obligations under MAR.

AQSE Rule 36

An issuer must take reasonable care to ensure that any information which is announced is accurate, complete, relevant and fairly presented.

AQSE Rules 30, 32 and 33

- 30 In addition to compliance with these rules, an issuer must observe its wider responsibilities and is required to conduct its affairs to avoid impairing the reputation and integrity of the AQSE Growth Market.
- 32 An issuer must seek advice from its AQSE Corporate Adviser in relation to its obligations under these rules and in respect of its applicable regulatory obligations whenever appropriate and give such advice proper weight.

- 31 An issuer must provide its AQSE Corporate Adviser with such information as the AQSE Corporate Adviser may reasonably require in the discharge of its responsibilities under these rules and the Corporate Adviser Handbook.