

Keystone Law Group plc – SRA Investigation Matter

1. Executive Summary

Keystone Law Group plc disclosed in its November 2017 AIM Admission Document that it had informed the Solicitors Regulation Authority (SRA) of concerns arising from a High Court judgment referencing conduct issues. The SRA subsequently reviewed the matter. On 1 May 2018, Keystone issued a Regulatory News Service (RNS) announcement confirming the SRA would close its file and undertake no further investigation, with no disciplinary action taken.

2. Timeline of Events

- 9 October 2017 – Keystone informed the SRA following internal review triggered by High Court judgment comments.
- November 2017 – Disclosure of the SRA matter included in AIM Admission Document under risk factors.
- 27 November 2017 – Keystone admitted to AIM (IPO).
- 1 May 2018 – RNS announcement confirming SRA would close its file and take no further action.

3. Share Price Analysis (2017–2018)

Post-IPO trading (late November to December 2017) showed price stability in the 190–191p range following an initial IPO uplift. There was no observable sell-off coinciding with disclosure of the SRA matter in the Admission Document.

In January 2018, shares rose approximately 22% within nine trading days (~190.5p to 232p), indicating positive investor sentiment during the post-admission period.

In May 2018, following the RNS confirming closure of the SRA file, the share price continued trending upward (approx. 270p to 300p during the month). No negative volatility was evident.

4. Governance and Regulatory Considerations

- AIM Rule 11 requires prompt disclosure of material developments.
- Regulatory investigations are typically disclosed as risk factors in admission documents.

- Market reaction depends primarily on perceived financial exposure and governance implications.
- Reopening of a closed investigation would likely trigger fresh disclosure obligations.

5. Scenario Analysis – Reopening of Investigation

If the SRA were to reopen the investigation, the likely short-term market impact would involve elevated volatility and potential share price decline in the 5–15% range, depending on severity, management involvement, and financial exposure. Longer-term impact would depend on outcome, sanctions (if any), and reputational effects.

Prepared for analytical and informational purposes only.