ATTACHMENT

TABLE OF COMMENTS

COMMENTS TO ISSUES RAISED IN CONSULTATION PAPER 1/2014

PROPOSED REVIEW OF LISTING REQUIREMENTS IN VARIOUS AREAS

Regulatory Policy & Advisory

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| --- | --- | --- |
| NAME OF RESPONDENT   | : |  |
| CONTACT PERSON & CONTACT NUMBER | : |  |
| EMAIL ADDRESS | : |  |

| ISSUES | COMMENTS |
| --- | --- |
| PROPOSAL 1.1 |
| 1. | Do you agree with our proposal to increase the monetary limit under the de minimis requirements for both a RPT as well as non-RPT as follows: |  |
| 1. in relation to the Main LR, to increase from RM250,000 to RM500,000; and
 |  |
| 1. in relation to the ACE LR, to increase from RM100,000 to RM200,000?

Please state your views and the reasons for such views. |  |
| 2. | Alternatively, if you have other suggestions for the appropriate monetary limit, please provide your suggestions together with your reasons. |  |
| 3. | Do you agree that we should maintain the threshold for the percentage ratio under the de minimis requirements? If not, please provide your suggestions together with your reasons. |  |
| Proposal 1.2 |
| *Role of Principal Adviser and Sponsor or Adviser vis-à-vis independent adviser* |
| 4. | Do you agree with our proposal to require a Principal Adviser and Sponsor or Adviser, as the case may be, to ensure that the transaction is carried out on arms length basis and on normal commercial terms (instead of ensuring that the transaction is carried out on fair and reasonable terms and conditions, and not to the detriment of the minority shareholders)? Please state your views and the reasons for such views. |  |
| *Appointment of Principal Adviser for a RRPT* |
| 5. | Do you agree with our proposal to expressly provide that a Main Market listed issuer is no longer required to appoint a Principal Adviser for a RRPT if it wishes to seek specific shareholders’ approval for the RRPT? Please state your views and reasons for such views. |  |
| 6. | Do you agree with our proposal to maintain the requirement for an ACE Market listed corporation to appoint a Sponsor or Adviser for a RRPT if it wishes to seek specific shareholders’ approval for the RRPT? Please state your views and reasons for such views. |  |
| Proposal 1.3 |
| *Common directorship exemption* |
| 7. | Do you agree with our proposal to increase the shareholding threshold of less than 1% held by the common director in the counterparty to less than 5%? Please state your views and the reasons for such views.Alternatively, if you have other suggestions for the appropriate shareholding threshold, please provide your suggestions together with your reasons. |  |
| *Target company exemption* |
| 8. | Do you agree with our proposal to increase the shareholding threshold of less than 5% held by the related party in the target company to less than 10%? Please state your views and the reasons for such views.Alternatively, if you have other suggestions for the appropriate shareholding threshold, please provide your suggestions together with your reasons. |  |
| *Less than 5% in counterparty exemption* |
| 9. | Do you agree with our proposal to increase the shareholding threshold of less than 5% held by the related party in the counterparty to less than 10%? Please state your views and the reasons for such views.Alternatively, if you have other suggestions for the appropriate shareholding threshold, please provide your suggestions together with your reasons. |  |
| *Disposal of an interest in an investee company*  |
| 10. | Do you agree with our proposal to expand the exemption to include cases where the disposal of listed securities in the investee company is not effected on the Exchange but the counterparty is unknown to the listed issuer and is not a related party? Please state your views and the reasons for such views. |  |
| 11. | Are there any other instances (besides the example given in paragraph 33 of the Consultation Paper) which the Exchange should consider including in this exemption? Please provide your suggestions together with your reasons. |  |
| *Other proposed exemptions*  |
| 12. | Do you agree with our following proposals: |  |
| 1. to expand the Exempted Transactions referred to under paragraph/Rule 10.08(11)(g) of the LR, to provision or usage of satellite television or broadcasting services: and
 |  |
| 1. in relation to a contract awarded by way of public tender –
 |  |
| 1. to clarify that a public tender refers to a situation where the offer is made available to the public and not on a selective basis; and
 |  |
| 1. to require the listed awarder or its subsidiaries to provide an explanation of the basis for selecting the winning bid in the immediate announcement (in addition to the existing disclosures required)?

Please state your views and the reasons for such views. |  |
| 13. | Do you agree that the following transactions as set out in paragraph 35(c) of the Consultation Paper are not required to comply with the RPT requirements: |  |
| 1. the grant of options and the issue of securities arising from the exercise of options, under a Share Issuance Scheme;
 |  |
| 1. subscription of securities on a pro rata basis; and
 |  |
| 1. in relation to a joint venture established by the listed issuer or its subsidiaries, any subsequent equity participation or provision of shareholders’ loans or guarantees to the joint venture provided that –
2. the subsequent equity participation or provision of shareholders’ loans or guarantees to the joint venture are in proportion to the equity holdings provided by each joint venture partner; and
3. the listed issuer immediately announces to the Exchange a statement by its audit committee confirming that the –
* subsequent equity participation or provision of shareholders’ loans or guarantees to the joint venture is in the best interest of the listed issuer, is fair and reasonable and not detrimental to the interest of the minority shareholders; and
* risk and rewards of the joint venture are in proportion to the equity holdings of each joint venture partner,

together with the basis for its views.Please state your views and the reasons for such views. |  |
| Proposal 1.4 |
| 14. | Do you agree with the proposal to extend the definition of “related party” in the context of a closed-end fund to the following parties (in addition to a director, chief executive, major shareholder of the closed-end fund, or persons connected to such director, chief executive or major shareholder): |  |
| 1. a Manager or person connected with the Manager;
 |  |
| 1. a custodian appointed by the closed-end fund pursuant to SC’s Guidelines for Public Offerings of Securities of Closed-End Funds or person connected with the custodian; or
 |  |
| 1. a director, chief executive major shareholder of the Manager, or person connected with such director, chief executive or major shareholder?

Please state your views and reasons for such views. |  |
| 15. | Do you agree with the proposal to exclude the following parties from voting on a resolution approving a RPT or RRPT (in addition to the interested director, interested major shareholder or interested person connected with a director or major shareholder, of the closed-end fund): |  |
| 1. interested Manager or interested custodian; or
 |  |
| 1. interested person connected with the Manager or custodian?

Please state your views and the reasons for such views. |  |
| Proposal 2.1 |
| 16. | Do you agree with the proposed enhancements to the regularisation plan to be undertaken by a PN17 Issuer/GN3 Company i.e. the requirement by the PN17 Issuer/GN3 Company to provide salient and complete information in support of its regularisation plan as set out in paragraphs 42 and 43 of the Consultation Paper, as well as the review of its risk management and internal control system as set out in paragraph 45 of the Consultation Paper? Please state your views and the reasons for your views. |  |
| 17. | Alternatively, if you have other suggested enhancements to the regularisation plan by a PN17 Issuer/GN3 Company, please provide your suggestions together with your reasons. |  |
| Proposal 2.2 |
| 18. | Do you agree with the proposed information to be included in the circular to shareholders as set out in paragraph 48 of the Consultation Paper? Please state your views and the reasons for such views. |  |
| 19. | Is the information required above appropriate and adequate? Is there any other information that should be included? |  |
| Proposal 2.3 |
| 20. | Do you agree with the introduction of a separate framework for listed issuers with inadequate level of operations? Please state your views and the reasons for your views. |  |
| 21. | Do you agree that listed issuers with inadequate level of operations should be subjected to the same disclosure and regularisation obligations of a PN17 Issuer/GN3 Company? Please state your views and reasons for your views? |  |
| 22. | Alternatively, if you have other suggested enhancements for listed issuers with inadequate level of operations, please provide your suggestions together with your reasons. |  |
| Proposal 3.1 |
| 23. | Do you agree with the Exchange’s proposal to require foreign corporations, foreign closed-end funds or foreign business trusts whose operations are entirely or predominantly foreign-based, to have at least 2 independent resident directors? If not, why and what is your proposal? |  |
| 24. | Do you have any suggestion which will enhance the effectiveness of independent directors and the audit committee of a foreign corporation, foreign closed-end fund or foreign business trust? |  |
| Proposal 3.2 |
| 25. | Do you agree that the external auditor of a Foreign Issuer must be an internationally affiliated accounting firm? If no, please elaborate. |  |
| Proposal 3.3 |
| 26. | Do you agree that the LR should require a Foreign Issuer to obtain prior shareholder approval in a general meeting to appoint or remove its external auditor?Please state your views and the reasons for such views. |  |
| Proposal 3.4 |
| 27. | Do you agree with the proposal to require a Foreign Issuer to immediately announce any change in the laws of – |  |
| 1. its country of incorporation; and
 |  |
| 1. the country of incorporation of its foreign significant subsidiary.

Please state your views and the reasons for your views. |  |
| 28. | For purposes of the announcement on any change in the laws above, do you agree with the proposed definition of a foreign significant subsidiary i.e. a foreign subsidiary which contributes 50% or more of the profit before tax or total assets employed of the Foreign Issuer on a consolidated basis? Please state your views and reasons for such views.Alternatively, if you have other suggestions for the appropriate threshold in relation to the foreign significant subsidiary, please provide your suggestions together with your reasons. |  |
| 29. | Are the areas for announcement set out in paragraphs 74(a) to (k) of the Consultation Paper adequate and appropriate? Is there any other area which in your view, should also be covered? |  |
| Proposal 3.5 |
| 30. | Do you agree that Foreign Issuers and their subsidiaries should have in place a system of internal control similar to that required of a public company under the Companies Act 1967 as set out in paragraph 78 of the Consultation Paper? Please provide your views and reasons for your views.  |  |
| Proposal 3.6 |
| 31. | Do you agree with the proposal to clarify that a Foreign Issuer must make available for inspection a copy of the relevant agreements at the listed issuer’s registered office in Malaysia? Please state your views and the reasons for your views. |  |
| Proposal 4.1 |
| 32. | Do you agree that a listed issuer be required to immediately announce the appointment of, or any change in a legal representative (or a person of equivalent authority) in the listed issuer or its foreign significant subsidiary as proposed in paragraph 83 of the Consultation Paper? Please state your views and reasons for such views. |  |
| 33. | Is the information required to be disclosed as set out in paragraph 83 of the Consultation Paper appropriate and adequate? Is there any other information that should be included? |  |
| 34. | For purposes of the announcement on legal representative, do you agree with the proposed definition of a foreign significant subsidiary i.e. a foreign subsidiary which contributes 50% or more of the profit before tax or total assets employed of the listed issuer on a consolidated basis? Please state your views and reasons for such views. |  |
| 35. | Alternatively, if you have other suggestions for the appropriate threshold in relation to the foreign significant subsidiary, please provide your suggestions together with your reasons. |  |
| Proposal 4.3 |
| 36. | Is the information required in paragraph 93 of the Consultation Paper adequate? Is there any other information that should be included? |  |
| Proposal 5.1 |
| 37. | Do you agree with the proposal to allow issuance and listing of structured warrants where the underlying corporation or exchange-traded fund is seeking listing provided that the following criteria is fulfilled: |  |
| 1. where the underlying corporation or exchange-traded fund is seeking listing on the Exchange –
2. it must have an expected or pro forma market capitalisation (excluding treasury shares) of at least RM3 billion based on the issue price of the shares or the exchange-traded fund as set out in the prospectus; and
 |  |
| 1. the listing of the structured warrants shall only take place 5 market days after the date of the listing of the shares or the exchange-traded fund on the Exchange; or
 |  |
| 1. where the underlying corporation or exchange-traded fund is seeking listing on a securities exchange which is a member of the World Federation of Exchanges or is approved by the Exchange, the underlying corporation or exchange-traded fund must have an expected or pro forma market capitalisation equivalent to at least RM5 billion based on the issue price of the shares or exchange-traded fund as set out in the prospectus, and upon listing, the underlying corporation or exchange-traded fund must comply with the other requirements set out in paragraph 5.04 of the Main LR?

Please state your views and the reasons for such views. |  |
| 38. | In addition to the criteria as proposed above, should the Exchange impose any other condition or obligation? |  |
| Proposal 5.2 |
| 39. | Do you agree with the proposal for the announcement of the number of structured warrants not held by the issuer or its Market Maker and the percentage of the same to be made on a monthly basis? Please state your views and the reasons for such views. |  |
| Proposal 5.3 |
| 40. | Do you agree with the proposal that the approval from the listed issuer’s shareholders is no longer required for a Share Issuance Scheme involving the issue of shares by a subsidiary (including a subsidiary listed in Malaysia or on a stock exchange deemed comparable by the Exchange) to its employees unless such Share Issuance Scheme results in a material dilution of the listed issuer’s equity interest? Please state your views and reasons for such views. |  |
| Proposal 5.5 |
| 41. | Do you agree with the proposal to clarify that a listed issuer is required to file the following documents in support of the listing application for the bonus issue: |  |
| 1. confirmation from the listed issuer on the adequacy of the reserves for capitalisation; and
 |  |
| 1. where the confirmation from the external auditors or reporting accountants is required, the report from the external auditors or reporting accountants, as the case may be?

Please state your views and the reasons for such views. |  |
| Proposal 5.6 |
| 42. | Do you agree with the proposal to allow a listed issuer to provide the confirmations referred to in paragraph 111 of the Consultation Paper to the Exchange directly (instead of engaging a Principal Adviser, or Sponsor or Adviser) in respect of an application of quotation of new issue of securities arising from – |  |
| 1. an exercise or conversion of convertible securities; or
 |  |
| 1. an exercise of options under a Share Issuance Scheme?

Please state your views and reasons for such views. |  |
| Proposal 5.7 |
| 43. | Do you agree with the proposal to allow a Cash Company which does not intend to maintain its listing status at any time after it receives the notice from the Exchange referred to in paragraph 115 of the Consultation Paper, to distribute the monies placed in the custodian account to its shareholders on a pro rata basis (i.e. before the expiry of the 12 months period)? Please state your views and reasons for such views. |  |
| 44. | Do you have any concern with the Exchange’s proposal in allowing the Cash Company which does not intend to maintain its listing status, to distribute the monies placed in the custodian account to its shareholders on a pro rata basis before the expiry of the 12 months period? |  |
| Proposal 5.8 |
| 45. | Do you agree with the proposal to specifically allow a listed issuer or its subsidiaries not listed on any stock exchange, to provide financial assistance to joint arrangements (as defined under “joint arrangements” in the approved accounting standards)? Please state your views and the reasons for such views. |  |
| Proposal 5.9 |
| 46. | Do you agree with the proposal that a listed corporation is not allowed to purchase its own shares or resell its treasury shares via an On-Market Married Transaction? Please state your views and reasons for such views. |  |
| Proposal 5.10 |
| 47. | Do you agree with the proposal to require a listed issuer which intends to undertake a Major Disposal to ensure that a valuation is conducted on all its material real estate, if the total net book value of all the listed issuer’s real estate contributes 50% or more to the total assets of the listed issuer on a consolidated basis? Please state your views and reasons for such views. |  |
| Proposal 5.11 |
| 48. | Do you agree with the proposal to define the percentage ratio for the net profits test to mean the net profits attributable to owners of a corporation (before other comprehensive income or loss) (“Net Profits”) which are the subject matter of the transaction, compared with the Net Profits of the listed issuer? Please state your views and the reasons for such views. |  |
| 49. | Do you think the proposed revised definition of percentage ratio for the net profits test is clear? If not, please provide your suggestions or alternatives. |  |
| Proposal 5.12 |
| 50. | Do you agree with the proposal that in the event an offeror in a take-over offer has achieved the 90% Threshold and it does not intend to maintain the listing status of the listed issuer, the Exchange shall only suspend trading of the securities of a listed issuer upon the expiry of 5 market days after the close of the offer period in relation to a take-over offer? Please state your views and reasons for such views. |  |
| 51. | Alternatively, if you have other suggestions as to when the Exchange should effect the suspension, please provide your suggestions together with the reasons. |  |
| Proposal 5.13 |
| 52. | Do you agree with the Exchange’s proposal to clarify that where a receiver, manager, or receiver and manager, or person of similar capacity is appointed, the Exchange may suspend the trading of listed securities if the percentage of the net book value of the affected assets over the total assets of the listed issuer, is 50% or more? Please state your views and the reasons for such views. |  |
| General Comments |
| 53. | If you have any comment on any part of the proposals in this Consultation Paper or the proposed rule amendments, please provide your comments together with the reasons for such comments. |  |

[End of Attachment]