

Unusual Market Activity (“UMA”) & UMA Query by Bursa Malaysia (“Bursa”)

1. What is considered an UMA?

UMA means an event where there has been a significant and unexplained change in the price or trading activity or both of a particular security. Bursa follows international best practice in issuing UMA Query as one of the ways in which it ensures market integrity.

2. What is the purpose of UMA Query?

UMA Query is a disclosure tool which serves to:-

- (a) Prompt a listed issuer to disclose any material information that has yet to be announced/ which was withheld in accordance with Paragraph/Rule 9.05 of the Listing Requirements (“LR”); and
- (b) Alert and apprise investors and market with the latest material information/updates vis-à-vis the listed issuer towards facilitating informed investment decisions

Paragraph/Rule 9.11 of the Main/ACE Market LR deals with UMA Query and requires a listed issuer whose securities are subjected to an UMA Query to immediately respond to Bursa on the same.

3. When is UMA Query issued?

Where Bursa detects sudden significant fluctuation/change (be it up or down) in the price and/or trading activity of the securities of a listed issuer, this does not mean that Bursa will automatically issue an UMA Query to the listed issuer. Bursa takes the view that it is not necessary to issue an UMA Query every time there is a significant change in price or trading volume because it is the nature of a dynamic market that prices rise and fall and trading volumes fluctuate based on a wide range of factors. Many, indeed most, of the price and trading activity changes can be explained on the basis that the performance of a particular stock is consistent with the overall market condition or is based on a relevant corporate development or announcement which have been announced. In those cases where Bursa is satisfied that there is an explanation for the unusual trading activity, UMA Query will not be issued (although the securities, like the rest of the market, always remains under surveillance).

The decision to issue an UMA Query may be made where the price movement and/or trading activity of the securities of a listed issuer is significant and unusual/unexplained after assessing the various factors as mentioned in the preceding paragraph. In this regard, the issuance of an UMA Query is based on clear internal guidelines and parameters which have undergone stringent approval process. The guidelines include assessment of factors such as

the corporate announcements made by the listed issuer, market development affecting the listed issuer, industry trends, analyst reports and market sentiment.

In issuing UMA Query, Bursa highlights the reason for issuance of the same (i.e. unusual price movement, trading activity or both) so that the listed issuer is clear towards ascertaining and clarifying to the market as to whether there is, amongst others, any material corporate development (which the listed issuer has not disclosed to the market) that could have given rise to the UMA.

Where a listed issuer is issued with an UMA Query, it must make due enquiry with its directors, major shareholders and such other relevant persons to assess and respond:

- (1) Whether there is any corporate development relating to the Group's business and affairs that has not been previously announced that may account for the UMA;
- (2) Whether there is any rumour or report concerning the business and affairs of the Group that may account for the UMA; and
- (3) Whether the listed issuer is aware of any other possible explanation to account for the UMA.
- (4) Whether it is in compliance with Paragraph/Rule 9.03 of the Main/ACE LR and Paragraph/Rule 6.08 of the LEAP LR.

4. Significance of Listed Issuers' replies to UMA Queries towards investment decisions

When the listed issuer replies to the UMA Query and even if the reply is that "the Board is not aware of the cause of the unusual price and/or trading activity", the information from the listed issuer itself is pertinent and of value towards aiding or facilitating informed investment decisions by investors.

In this respect, the listed issuer's announcement to the market that it is not aware of any reason that may have caused the UMA provides benefit to the market by showing that there may not be sound basis for the significant change in price or trading activities (indicating that significant change in price or trading activity may be purely speculative). This is important so that the absence of any material information contributing to the UMA is brought to the attention of investors for the purpose of their investment decisions in relation to that stock.

In replying to the UMA Query, a listed issuer must meet the standards of disclosure prescribed under Paragraph/Rule 9.16 of the Main/ACE LR and Paragraph/Rule 6.10 of the LEAP LR, which state, amongst others, that announcements must, amongst others, be factual, clear, accurate and is not false or misleading.

In this regard, the matter does not end with the reply to UMA Query received from the listed issuer as Bursa will continue to monitor the trading activity of the security and corporate developments of the listed issuer. Where the reply to the UMA Query is found to be inaccurate or misleading subsequently, enforcement action may be taken against the listed issuer and the culpable directors for breach of the Main/ACE/LEAP LR.