

LETTER TO THE EDITOR

We refer to the article in the Frankly Speaking column titled "Why bother with UMA queries?" (Issue 1077, Sept 28), which questions whether unusual market activity queries serve any purpose at all.

In this respect, Bursa Malaysia wishes to clarify that a UMA query is a disclosure tool that plays a valuable role in ensuring timely information is provided to the market towards facilitating informed investment decision and safeguarding market integrity.

Paragraph 9.11 of the Listing Requirements (LR) deals with UMAs and requires a listed company, whose securities are subject to UMA, to undertake due enquiry and immediately announce to Bursa any unpublished information which is reasonably expected to have material effect on the price/value/decision of investors.

The purpose of a UMA query is to ascertain whether there is material information that has yet to be announced or has been withheld by the listed company and if so, to prompt the listed company to disclose the same immediately in accordance with the disclosure obligations under the LR.

Publicising the UMA query and the response ensures that the market is informed by the listed

company as to whether there is a reason for the significant share price and/or volume fluctuation and if there is, details of the same.

Bursa's robust disclosure framework is benchmarked internationally and there is a high level of adherence to the disclosure rules. Bursa adopts international best practice in issuing UMA queries as one of the ways in which it ensures market integrity.

Prior to responding to the UMA query, the listed company must make due enquiry with its directors, major shareholders and such other relevant persons to ascertain:

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;
 3. Whether the listed issuer is aware of any other possible explanation to account for the UMA; and
 4. Whether the listed issuer is in compliance with the LR, in particular on its obligations to make immediate disclosure of material information.
- The response to the UMA query is pertinent

and of value towards aiding or facilitating informed investment decisions by investors, even if the reply is in the negative (namely, not aware of any /there is no material development in the company that could account/ contribute to the UMA).

When the listed company states that there is no material development in the company in its reply to the UMA query, such announcement is still of value as it indicates that there may be no sound basis for the change in price and/or volume (indicating that increased level of trading activity may be purely speculative). This is important because the absence of any material information is brought to the attention of investors for the purpose of their trading decision in relation to that stock.

In replying to the UMA query, a listed company must meet the standards of disclosure prescribed under Rule 9.16 of the LR, which state, among others, that announcements must be factual, clear, accurate and not false or misleading.

Bursa will continue to monitor the trading activity of the security and corporate developments of the listed company. Where the reply to the UMA query is found to be inaccurate or misleading subsequently, enforcement action

may be taken against the listed company and the directors for breach of the LR.

In addition, where the UMA persists or it is ascertained that there is market manipulation, Bursa may also take other actions including enforcement actions against the broker and registered person. (Please refer to Key Enforcement Cases example of enforcement actions taken against listed companies and directors for inaccurate/ misleading response to UMA query at www.bursamalaysia.com.)

Dau Ming Seling
Executive vice-president
Strategic Communications,
Strategy & Transformation
Bursa Malaysia Bhd