

**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**GENERAL**

For the purpose of all the Questions and Answers issued by Bursa Malaysia Securities Berhad, unless the context otherwise requires, the words and expressions defined in the “Bursa Malaysia Securities Berhad Main Market Listing Requirements” and “Bursa Malaysia Securities Berhad ACE Market Listing Requirements” respectively (collectively “**Listing Requirements**”), when used in the Questions and Answers, have the meanings given in the said Listing Requirements, and –

“**ACE LR**” means Bursa Malaysia Securities Berhad ACE Market Listing Requirements;

“**Bursa Securities**” means Bursa Malaysia Securities Berhad; and

“**Main LR**” means Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The Questions and Answers illustrate and clarify the relevant provisions under the Listing Requirements. They are issued to aid listed issuers’ understanding and compliance with the Listing Requirements.

A user of the Questions and Answers should always read the Questions and Answers together with the Listing Requirements and, where necessary, seek qualified professional advice. These Questions and Answers are not a substitute for the Listing Requirements or the professional advice.

In formulating the “Answers”, we have in some cases assumed certain underlying facts, summarised the relevant provisions of the Listing Requirements or concentrated on one particular aspect of the question as the focal point of the issue. The “Answers” should therefore not be construed as being definitive and applicable to all cases where the scenario may appear to be similar. In any given case, a listed issuer must assess all the relevant facts and circumstances in complying with the Listing Requirements.

The Listing Division of Bursa Securities is available for consultation where interpretation or clarification of the Listing Requirements is required. Listed issuers and practitioners are welcome to contact Bursa Securities’ Listing Division should they have any query on the Listing Requirements.

**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MAIN  
MARKET  
(As at 13 July 2015)**

**CHAPTER 1 – DEFINITIONS AND INTERPRETATION**

**1.1 Definition of “core business”**

Pursuant to paragraph 1.01 of the Main LR, “core business” means the business which provides the principal source of operating revenue or after-tax profit to a corporation and which comprises the principal activities of the corporation and its subsidiary companies.

The principal activities of ABC Bhd are manufacturing and property development.

**(i) Scenario 1**

Both principal activities of ABC Bhd generate the following operating revenue and after-tax profit for ABC Bhd:

	<b>Manufacturing Business</b>	<b>Property Development Business</b>
<b>Operating Revenue</b>	RM20 million	RM30 million
<b>After-Tax Profit</b>	RM15 million	RM24 million

Pursuant to the definition of “core business” in paragraph 1.01 of the Main LR, what is the core business of ABC Bhd?

As the operating revenue and after-tax profit of its property development business provide the higher quantitative contribution compared to the operating revenue and after-tax profit of its manufacturing business, the core business of ABC Bhd is property development.

**(ii) Scenario 2**

How does ABC Bhd determine its core business if both its principal activities generate the following operating revenue and after-tax profit?

	<b>Manufacturing Business</b>	<b>Property Development Business</b>
<b>Operating Revenue</b>	RM25 million	RM30 million
<b>After-Tax Profit</b>	RM18 million	RM15 million

If the figures in relation to the quantitative aspect of the core business definition do not clearly show the core business of ABC Bhd (i.e where the operating revenue of its property development business is higher than that for its manufacturing business but its after-tax profit of its manufacturing business is higher than that for its property development business), ABC Bhd may take into account other relevant factors such as its corporate objectives and plans when determining its core business.

## 1.2 Definition of “independent director”

- (i) **Is there a difference between the definition of “officer” in paragraphs (b) and (d) of the said definition of “independent director” in Chapter 1 of the Main LR (“the said definition”)?**

Yes. For the purpose of paragraph (b) of the said definition, “officer” has the meaning set out in section 4 of the Companies Act 1965 whereas for the purpose of paragraph (d) of the said definition, “officer” has been defined in paragraph 1.01 of the Main LR to be the chief executive, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of an applicant, a listed issuer or its related corporation, by whatever name called.

- (ii) **Would an independent director of a subsidiary of a listed issuer, who is proposed to be appointed as an independent director of such listed issuer, be disqualified from acting as an independent director of such listed issuer pursuant to paragraph (b) of the said definition?**

No, an independent director of a subsidiary will not be disqualified from acting as an independent director of such listed issuer pursuant to paragraph (b) of the said definition.

- (iii) **If Mr A were to be appointed by a listed issuer to act as a non-executive director of the listed issuer’s unlisted subsidiary, would such appointment disqualify him from being an independent director of the listed issuer pursuant to paragraph (e) of the said definition?**

No, the appointment of Mr A by the listed issuer as a non-executive director of a non-listed subsidiary of a listed issuer would not disqualify him from being an independent director of such listed issuer pursuant to paragraph (e) of the said definition.

- (iv) **What are the examples of “adviser” used in paragraph (f) of the said definition?**

“Adviser” is as defined in paragraph 1.01 of the Main LR and includes, amongst others, advocates and solicitors, licensed investment banks, universal brokers, tax consultants, accounting firms etc offering professional advisory services to the listed issuer or its related corporation.

- (v) Paragraph 5.1 of Practice Note 13 in relation to paragraph (g) of the said definition states that a person is disqualified from being an independent director of a listed issuer if he had engaged personally in transactions with the listed issuer or its related corporation (other than for board services as a non-executive director) within the last 2 years, or is presently a partner, director or major shareholder of a firm or corporation (“the Entity”) (other than subsidiaries of the listed issuer) which has engaged in transactions with the listed issuer or its related corporation within the last 2 years and the consideration in aggregate exceeds 5% of the gross revenue on a consolidated basis (where applicable) of the person or the Entity or RM1 million, whichever is the higher (“the said Threshold”). Mr A is an independent director of X Bhd, a listed issuer. If Mr A were to purchase a car from X Bhd for his own use, the value of which exceeds the said Threshold, would he be disqualified from being an independent director of X Bhd pursuant to paragraph (g) of the said definition and paragraph 5.1 of Practice Note 13?

As clarified under paragraph 5.2(a) of Practice Note 13, an acquisition of a car from the listed issuer will not be considered a “transaction” where it is purchased for personal use provided that the transaction is on normal commercial terms. Therefore, Mr A would not be disqualified from being an independent director of X Bhd pursuant to paragraph (g) of the said definition and paragraph 5.2(a) of Practice Note 13 due to the purchase of the car, provided that the purchase is on normal commercial terms.

- (vi) Mr X is a director (and not a major shareholder) of A Bhd, a listed issuer. He is proposed to be appointed as an independent director of B Bhd, another listed issuer. A Bhd and B Bhd are engaged in transactions, the consideration of which exceeds the said Threshold. Would paragraph 5.1 of Practice Note 13 preclude Mr X from being appointed as an independent director of B Bhd?

Mr X would not be disqualified from being an independent director of B Bhd pursuant to paragraph (g) of the said definition and paragraph 5.2(b) of Practice Note 13 if Mr X is not involved in the transactions entered into between A Bhd and B Bhd, i.e. Mr X is not the initiator, promoter, agent or is not a party to such transactions, and provided that such transactions are on normal commercial terms.

- (vii) **Mr X is an executive director of A Bhd, a listed issuer and is proposed to be appointed as an independent director of B Bhd, another listed issuer. A Bhd is a telecommunications corporation and provides telecommunications services to B Bhd, the amount of which exceeds the said Threshold. Mr X, being the executive director of A Bhd, is directly involved in the transactions entered into with B Bhd. Would paragraph (g) of the said definition preclude Mr X from acting as an independent director of listed issuer B Bhd?**

Mr X would not be disqualified from being an independent director of B Bhd pursuant to paragraph (g) of the said definition and paragraph 5.2(c)(i) of Practice Note 13 provided that the services rendered by A Bhd are based on a non-negotiable fixed price or rate, which is published or publicly quoted, and the material terms including the prices or charges are applied consistently to all customers or classes of customers.

- (viii) **In order to come within the ambit of “published or publicly quoted” as provided under paragraph 5.2(c) of Practice Note 13, must the prices be advertised to the public?**

In order to satisfy the criterion of “published or publicly quoted” under paragraph 5.2(c) of Practice Note 13, the prices need not be advertised. So long as the pre-determined prices are or can be made readily available to the public or customers, this criterion is deemed satisfied.

- (ix) **Mr A is appointed a director of X Bhd, a listed issuer on 5 August 2009. Mr A is also a major shareholder of Y Sdn Bhd. 5% of Y Sdn Bhd’s gross revenue for the financial years ending 31 December 2007 and 31 December 2008 amounted to RM800,000. Y Sdn Bhd supplied X Bhd with raw materials in March 2009 and April 2009 the value of which amounted to RM900,000. Is Mr A disqualified from being an independent director of X Bhd?**

The relevant threshold to be considered pursuant to paragraph 5.1 of Practice Note 13 is RM1 million or 5% of Y Sdn Bhd’s gross revenue for the last 2 financial years whichever is the higher. As 5% of the gross revenue of Y Sdn Bhd for the last 2 financial years amounted to only RM800,000, the relevant threshold is RM1 million. Pursuant to paragraph 5.1 of Practice Note 13, Mr A will not be disqualified from being an independent director of X Bhd because the value of the transactions entered into with Y Sdn Bhd of which Mr A is a major shareholder does not exceed RM1 million.

- (x) **Mr A is an independent director of X Bhd, a listed issuer. Mr A entered into a contract to provide technical services to a subsidiary of X Bhd, the consideration of which is RM5 million and constitutes 10% of Mr A’s gross revenue. Does this mean that Mr A is disqualified from being an independent director insofar as that transaction is concerned?**

The disqualification to act as an independent director is not specific to a transaction. As Mr A had entered into a transaction that exceeds the said Threshold, Mr A is disqualified from being an independent director. Mr A would

**Chapter 1 Definitions and Interpretation  
[Questions & Answers]**

not qualify to act as an independent director of X Bhd until such time when he fulfils all the requirements of the said definition.

- (xi) **Would the issuance of shares by a listed issuer or its subsidiary to a director of such listed issuer constitute a “transaction” as used in paragraph (g) of the said definition?**

No, the issuance of shares by a listed issuer or its subsidiary to a director of such listed issuer would not constitute a “transaction” for the purposes of paragraph (g) of the said definition.

- (xii) **Mr X will receive remuneration from the listed issuer for services rendered to the listed issuer as a director. Would Mr X be disqualified from being an independent director pursuant to paragraph (g) of the said definition, for receiving remuneration from the listed issuer, particularly if the remuneration exceeds the said Threshold?**

No, the receipt of remuneration for services rendered to the listed issuer as a director would not constitute a “transaction” for the purposes of paragraph (g) of the said definition.

### 1.3 Definition of “person connected”

**Is the stepmother of a director of a listed issuer deemed a family member of that director and hence, a person connected with that director?**

Although a stepmother would not be regarded as a family member for purposes of the Main LR, a stepmother may still be regarded as a person connected with the director if she fulfils the other criteria of the definition of “person connected” as stipulated under paragraph 1.01 of the Main LR.

### 1.4 Definition of “public”

- (i) **A collective investment scheme or statutory institution that is managing funds belonging to contributors or investors who are members of the public, subject to fulfilling certain conditions as set out in the Main LR, would be deemed as “public” where its interest, direct or indirect, in a listed issuer is more than 5% but less than 15% of the total number of shares of such listed issuer. Would an associate of such collective investment scheme or statutory institution also be deemed as “public”?**

No, the associate of such a collective investment scheme or statutory institution would not be deemed as “public” under paragraph (a)(iii) of the definition “public” in paragraph 1.01 of the Main LR. Accordingly, the associate’s shareholdings should be excluded from comprising the public shareholding spread.

- (ii) **Scheme A is a unit trust with an interest in 10% of the total number of listed shares in X Bhd. B is the fund manager of Scheme A. B holds 3% of the total number of shares of X Bhd. In computing its public spread, can X Bhd include both Scheme A and B as part of the public spread?**

X Bhd may include Scheme A in computing its public spread provided that Scheme A satisfies certain conditions as set out in the Main LR but it cannot

**Chapter 1 Definitions and Interpretation  
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include B as "public". This is because B is an associate of Scheme A, which is a substantial shareholder of X Bhd.

- (iii) **It is noted that a “public” shareholder excludes a person who holds or acquires shares through artificial means. What are the circumstances or examples where a person is deemed to hold or acquire shares through artificial means?**

Some examples which fall within the ambit of “artificial means” are as follows:

- (a) shares given away as free shares;
- (b) shares given as a gift; and
- (c) providing financial assistance or loans to acquire shares to nominees of the directors or substantial shareholders.

### 1.5 Definition of “public” in relation to a business trust

- (i) **Under paragraph 1.01 of the Main LR, the definition of “public” in relation to business trust excludes subsidiary entity as defined under the SC’s Business Trust Guidelines. What is a subsidiary entity?**

Under paragraph 2.01 of the SC’s Business Trust Guidelines, “**subsidiary entity**” is defined to mean any corporation or other entity where:

- (a) the trustee-manager (acting in its capacity as trustee-manager of the business trust) –
  - (i) controls the composition of the board of directors of the corporation or board of persons of the entity which performs similar function as with a board of directors of a corporation, (“**Board**”);
  - (ii) controls more than half the voting shares of the corporation or voting rights of the entity; or
  - (iii) holds more than half of the issued share capital of the corporation (excluding preference shares) or its equivalent in the case of the entity; or
- (b) the corporation or entity is a subsidiary entity of another corporation or entity which is a subsidiary entity of the business trust.

Based on the above definition, apart from a corporation, a subsidiary entity of a business trust may include, among others, the following:

- a collective investment scheme;
- a management company of a collective investment scheme whose board of directors is controlled by the trustee-manager; or

- a subsidiary of the trustee-manager.
- (ii) The facts in relation to Illustration 1 below are as follows:
- *A Sdn Bhd* is a trustee-manager of *C Trust*, a business trust listed on the Main Market.
  - *A Sdn Bhd* has a wholly-owned subsidiary, *B Sdn Bhd*, a management company who manages a collective investment scheme, *CIS M*.
  - *Mr. K* is a director of *A Sdn Bhd* and *B Sdn Bhd*.
  - *Corporation K* and *CIS M* are subsidiary entities of *C Trust* as defined under the SC’s Business Trust Guidelines.
  - *Mr. L* is a director in *Corporation K*.
  - Both *A Sdn Bhd* and *B Sdn Bhd* hold less than 5% in *C Trust*.

Based on the facts above and Illustration 1 below, who are excluded from the definition of “public” under paragraph 1.01(e) of the Main LR in relation to *C Trust*, the listed business trust?

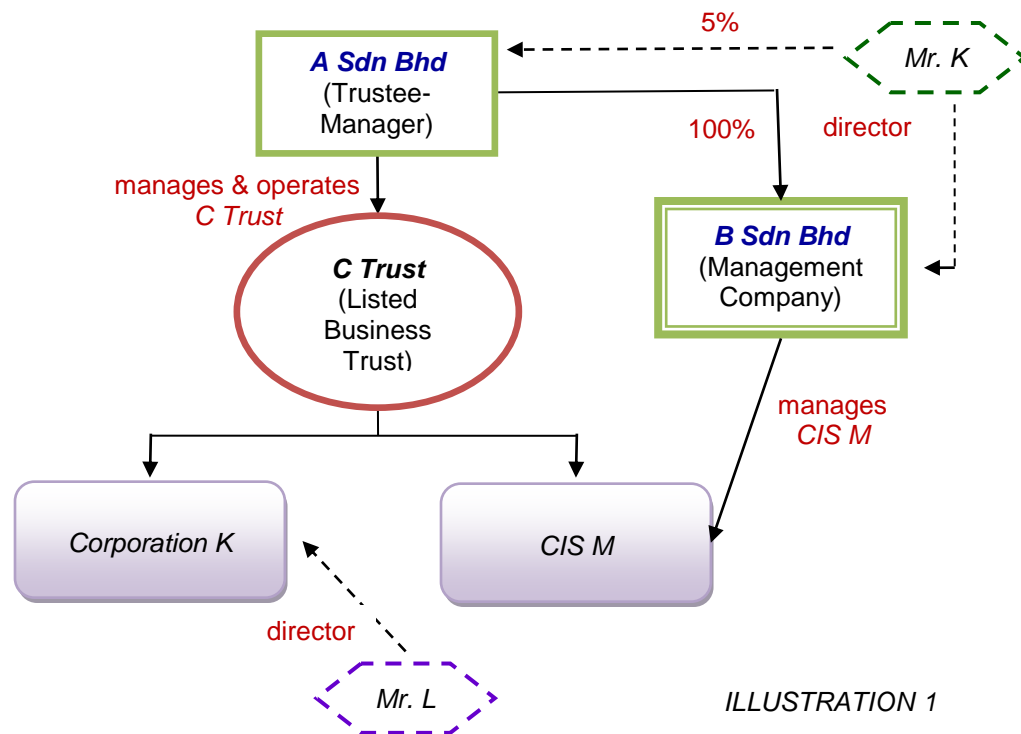


ILLUSTRATION 1



**Chapter 1 Definitions and Interpretation  
[Questions & Answers]**

The following are excluded from the definition of public in relation to *C Trust*, the listed business trust:

Entity	Basis
(a) A Sdn Bhd	the trustee-manager
(b) Corporation K	a subsidiary entity
(c) CIS M	a subsidiary entity
(d) B Sdn Bhd	a subsidiary entity
(e) Mr. K	a director and substantial shareholder of the trustee-manager
(f) Mr. L	a director of a subsidiary entity

**1.6 What is the definition of “year” in the Main LR? Does it refer to a calendar year or a financial year?**

Where there is a reference to “year” in the Main LR, it refers to a calendar year. Where the reference is intended to be in relation to a “financial year”, the provision in the Main LR will clearly state so.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 3 May 2016)**

**CHAPTER 2 – GENERAL**

***Practice Notes***

- 2.1 If a listed issuer breaches a requirement set out in a Practice Note, will it be in breach of the Main LR?**

Yes, Practice Notes form part of the Main LR. Hence, a listed issuer that fails to comply with a Practice Note would be in breach of the Main LR and would be subject to enforcement action by Bursa Securities.

***Letters of compliance***

- 2.2 What should be contained in a "letter of compliance" referred to in paragraph 2.12 of the Main LR and to whom must the "letter of compliance" be addressed?**

The "letter of compliance" must be addressed to Bursa Securities and should confirm that the provisions of the document to which it relates, comply with the Main LR and the Rules of Bursa Malaysia Depository Sdn Bhd.

- 2.3 Can a listed issuer provide a letter of compliance which contains certain qualifications, for example, that generally a particular document complies with the Main LR except for a few provisions, which are specifically set out in the letter of compliance itself?**

Listed issuers must ensure that the articles of association, trust deed, deed poll or bylaws of a Share Issuance Scheme and any amendments to the said documents comply with the Main LR. As such, a letter of compliance must not contain any qualifications. The letter of compliance must state that the whole document complies with the Main LR and the Rules of Bursa Malaysia Depository Sdn Bhd.

- 2.4 Who should write the letter of compliance?**

Pursuant to paragraph 2.12(4) of the Main LR, the letter of compliance must be written by a person with legal qualifications provided that in circumstances set out below, it may be written by the following additional persons:

- (a) in the case of bylaws of a Share Issuance Scheme (and any amendment to the bylaws), by the listed issuer's advisers; and
- (b) in the case of an amendment to an articles of association, by the listed issuer's advisers or its company secretary.

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**2.5 Can the in-house legal adviser of a listed issuer write the letter of compliance to Bursa Securities?**

Yes, the in-house legal adviser of a listed issuer may write the letter of compliance to Bursa Securities.

***Undertaking by advisers***

**2.6 Are advisers required to file undertakings with Bursa Securities?**

Under paragraph 2.21 of the Main LR, only advisers who present, submit or disclose an application, circular or any other document to Bursa Securities on behalf of an applicant or a listed issuer, must file undertakings with Bursa Securities.

**2.7 Must an adviser who is subject to paragraph 2.21 of the Main LR file an undertaking each time it acts for a listed issuer?**

No, an adviser who is subject to paragraph 2.21 has to file only 1 undertaking. Such undertaking will be applicable for all clients. The form of the undertaking has been prescribed in Appendix 2A of the Main LR.

**2.8 When must an adviser who is subject to paragraph 2.21 of the Main LR file an undertaking with Bursa Securities?**

An adviser who is subject to paragraph 2.21 must file an undertaking with Bursa Securities before the submission of documents to Bursa Securities. All advisers who may act as principal adviser under the SC's Principal Advisers Guidelines may file the undertaking immediately if they have not already done so.

***Application of Main LR to a management company of collective investment scheme***

**2.9 If a listed issuer was a collective investment scheme, how does it ensure compliance with the Main LR?**

Pursuant to paragraph 2.09 of the Main LR, if a listed issuer was a collective investment scheme, (for example a real estate investment trust or an exchange-traded fund), the management company of the collective investment scheme must ensure that the collective investment scheme complies with the Main LR.

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**Qualification of directors, chief executive and chief financial officer**

**2.10 A listed issuer must ensure that each of its directors, chief executive and chief financial officer has the character, experience, integrity, competence and time to effectively discharge his role as a director, chief executive or chief financial officer, of the listed issuer. How does the listed issuer comply with this requirement as set out in paragraph 2.20A of the Main LR?**

In ensuring that its directors, chief executive and chief financial officer meet the requirements set out in paragraph 2.20A of the Main LR, a listed issuer should, as a minimum, be guided by the principles, recommendations and commentaries set out in the Malaysian Code of Corporate Governance 2012, particularly Principle 2 and Principle 4. This assessment should be undertaken whenever –

- (i) the listed issuer appoints, elects or re-elects its directors, chief executive or chief financial officer, as the case may be; or
- (ii) the listed issuer conducts its yearly assessment on the performance of its directors, chief executive or chief financial officer, as the case may be; or
- (iii) material information involving the said persons comes to the knowledge of the listed issuer.

**2.10A What are some of the factors which a listed issuer and its nominating committee should consider when assessing whether a director has the *time* to effectively discharge his or her role as director pursuant to paragraph 2.20A of the Main LR?**

In undertaking the assessment on the director's time commitment, the listed issuer and its nominating committee should evaluate whether sufficient time and attention is given to the affairs of the listed issuer, in light of the position(s) the director holds in the listed issuer. In this regard, the listed issuer and its nominating committee should consider, among others, the director's –

- attendance at board or committee meetings, major company events, briefings or site visitations;
- participation in continuing training programmes;
- directorships in other listed issuers, public companies and corporations incorporated and listed outside Malaysia; and
- other commitments or positions and the time commitment involved.

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**Share registrar****2.11 How does a listed issuer ensure compliance with paragraph 2.21A of the Main LR in relation to the appointment of its share registrar?**

The requirements under paragraph 2.21A of the Main LR set out the general criteria and factors to be taken into account by a listed issuer when appointing and retaining a share registrar. The main objectives of the requirements are to facilitate the appointment and retention of suitable share registrars who are able to ensure the proper performance of the listed issuer's obligations under the Main LR and provide better quality services in a professional manner.

Hence, a listed issuer in appointing a share registrar, must be satisfied that the share registrar is able to provide the services that meet with its needs and expectations in line with the objectives of the requirements. For this purpose, the listed issuer may, amongst others:

- (a) make reasonable due enquiries to ensure and satisfy itself that the share registrar complies with paragraph 2.21A of the Main LR prior to the appointment of the share registrar; and
- (b) reflect the relevant provisions in paragraph 2.21A of the Main LR in the terms of engagement or service agreements entered into between the listed issuer and the share registrar, where appropriate.

**2.12 How does a listed issuer ensure that the share registrar it has appointed continues to comply with the provisions set out in paragraph 2.21A of the Main LR?**

A listed issuer may, for instance, monitor and review the performance of the share registrar in providing its services from time to time. Again, the listed issuer must be guided by the requirements of paragraph 2.21A where relevant, in making its assessment. For example, the listed issuer should take into account whether the share registrar had, from the last review, provided its services in a timely and efficient manner. In this regard, the listed issuer should take into account the feedback received from its shareholders, and also take the appropriate steps to investigate into complaints received from its shareholders in relation to the services provided by its share registrar.

**Controlling Person****2.13 Who are the Controlling Person referred to in paragraph 2.22 of the Main LR?**

"Controlling Persons" is defined in paragraph 2.22 as a person who is, pursuant to a court order or otherwise, appointed to take possession or control over all or major assets of, or becomes responsible for the management of a listed issuer. This includes a provisional liquidator appointed by the court.

**2.14 Must a Controlling Person file an undertaking each time it acts for a listed issuer?**

Yes, a Controlling Person must file 1 undertaking for each listed issuer it acts for. The form of the undertaking has been prescribed in Appendix 2B of the Main LR.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MAIN MARKET  
(As at 3 January 2012)**

**CHAPTER 3 – ADMISSION***Criteria for admission***3.1 What are the roles of Bursa Securities and SC respectively in approving the listing of an applicant?**

SC is the approving authority for the initial public offering and listing of an applicant under section 212 of the CMSA while Bursa Securities is the approving authority for applications for admission to the Official List and quotation for trading of securities on its market.

**3.2 Are shares held by employees of an applicant, its subsidiaries and holding company included for purposes of computing the public shareholding spread of an applicant?**

Yes, the shares held by employees of an applicant, its subsidiaries and holding company can be included for purposes of computing the public shareholding spread provided that such employees fall within the definition of “public” in paragraph 1.01 of the Main LR.

*Admission Processes & Procedures***3.3 Must an applicant submit both the initial listing application (“ILA”) and quotation application (“Quotation Application”) to Bursa Securities before the listing of its securities?**

Under the enhanced initial listing process as set out in paragraph 2.0 of Practice Note 21, an applicant is no longer required to submit 2 applications to Bursa Securities, namely –

- (a) an ILA for an approval-in-principle for the admission of securities; and
- (b) a Quotation Application for quotation of securities on Bursa Securities.

Instead, the Quotation Application will be merged with the ILA and thus only one application is required to be submitted to Bursa Securities for listing of securities (“Consolidated Application”).

**3.4 What are the additional documents required to be submitted together with the Consolidated Application?**

In addition to the existing documents required under the ILA, all the requisite documents/confirmations required under the existing Quotation Application will also be procured in the form of undertakings when the applicant submits its Consolidated Application.

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**3.5 When will the listing and quotation of the new securities be effected on Bursa Securities?**

The admission and listing of new securities on Bursa Securities will take place on the next market day upon the receipt of confirmation by the applicant from Bursa Depository that the new securities are ready for crediting into the respective securities accounts provided that the applicant has made the following announcements:

- (a) Announcement pursuant to paragraph 8.1 of Practice Note 21 through Bursa Link via a dedicated template, "Timetable for IPO" on the issuance date of the prospectus.

The announcement must include the following information:

- The opening and closing date of the offer period;
- The balloting date;
- The allotment date of the IPO; and
- The tentative listing date.

If there is any change to the tentative listing date, the applicant must immediately announce the change to Bursa Securities.

- (b) Announcement pursuant to the paragraph 8.2 of Practice Note 21 through Bursa Link via a dedicated template, "IPO template" before 3 p.m. on the market day before the listing date;

The announcement must include the following information:

- Actual date of listing;
- Enlarged issued and paid up capital of the listed issuer indicating the number of shares and its par value, if any;
- Stock Short Name, Stock Code, ISIN Code; and
- Sector and market under which the new securities will be admitted.

**3.6 Where can an applicant obtain the form prescribed by Bursa Securities for the purpose of classification of an applicant into a specific sector, as mentioned in paragraph 7.2 of Practice Note 21?**

The classification form can be obtained from the official website of Bursa Securities.

- 3.7 It is noted that the existing provisions relating to introductory document have been removed from the Main LR. Does that mean that the introductory document is no longer required to be submitted to Bursa Securities?**

No, a listed issuer still needs to submit the draft introductory document to Bursa Securities as part of the supporting documents for its initial listing application. In this regard, the listed issuer must ensure that the introductory document complies with the requirements set out in the SC's Equity Guidelines.

***Transfer of listed corporation to the Main Market***

- 3.8 Under the existing procedures for transfer of a listed corporation to the Main Market, 2 applications must be filed. Has this procedure been changed?**

Under the enhanced transfer processes, a listed corporation is no longer required to submit 2 applications to Bursa Securities. Instead, the listed corporation needs to submit only one application (in a template as set out in Practice Note 22) and all the requisite documents and/or confirmations required for a quotation application under the existing transfer processes will be procured in the form of undertakings when the listed corporation submits its transfer application.

- 3.9 What are the additional obligations that the listed corporation will need to comply with under the enhanced transfer process?**

The listed corporation is required to make an announcement through Bursa Link via the "Transfer template" on the transfer date simultaneously with the issuance of the introductory documents and placement of box advertisement on the transfer.

- 3.10 When will the transfer of securities to the Main Market be effected?**

The transfer of securities to the Main Market will be effected 2 clear market days after the issuance of the introductory documents, placement of box advertisement and announcement to Bursa Securities on the transfer date.

***Others***

- 3.11 In 2008, Applicant A established its existing Share Issuance Scheme. Applicant A is seeking admission to the Official List of Bursa Securities in 2009. Must Applicant A terminate its existing Share Issuance Scheme before listing?**

No, Applicant A need not terminate its existing Share Issuance Scheme before listing. However, in order for Applicant A to continue with the said scheme post-listing, it must ensure that the scheme complies with the provisions set out in the Main LR.

- 3.12 Applicant B is seeking admission to the Official List of Bursa Securities. It is intending to establish a Share Issuance Scheme as part of its listing proposal. Must shareholder approval for such scheme be in accordance with paragraph 6.44 of the Main LR?**

No, the requirements in relation to the procurement of shareholder approval in accordance with paragraph 6.44 of the Main LR are only applicable where the schemes are established after listing.



- 3.13 Are the procedures relating to admission to Bursa Securities under paragraph 2.0 of Practice Note 21 applicable to the initial listing of a collective investment scheme such as real estate investment trust, closed-end fund, exchange traded fund, and foreign corporation seeking primary listing on Bursa Securities?**

Yes.

- 3.14 Must a listed issuer undertaking a corporate proposal which will result in a significant change in the business direction or policy of the listed issuer, comply with the admission procedures under Chapter 3 and Practice Note 21?**

Yes, as Bursa Securities will treat such listed issuer as if it were a new applicant seeking admission to the Official List.

**Chapter 4 Admission for Specific Applicants  
[Questions & Answers]**

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 27 January 2015)****CHAPTER 4 – ADMISSION FOR SPECIFIC APPLICANTS**

- 4.1 There appears to be no requirement for closed-end funds to provide undertakings in this Chapter. Does it mean that such funds need not provide any undertaking at all?**

No, closed-end funds must provide undertakings to Bursa Securities in the same way as other types of companies. Pursuant to paragraph 4.01(1) of the Main LR, the requirements in Chapter 4 are to be complied with in addition to the requirements in Chapter 3. If there is a requirement in Chapter 4 which conflicts with the requirements in Chapter 3, the requirements in Chapter 4 will prevail.

- 4.2 A management company has obtained the approval from SC for the listing of up to 300 million units of an ETF. However, the management company intends to issue and list only 160 million ETF units at the initial listing stage. What is the total number of ETF units that the management company must apply for listing in the Initial Listing Application that is submitted to Bursa Securities for approval, pursuant to paragraph 9.0 of Practice Note 23?**

The management company must apply for listing of the maximum number of ETF units as approved by SC i.e. 300 million ETF units (“**Approved Fund Size**”), even though the number of ETF units to be issued upon listing is only 160 million units. The management company must also apply for quotation of the same quantum of ETF units i.e. up to 300 million units in its application for quotation. In view of the nature of an ETF with the in-kind creation and redemption feature, the number of ETF units issued and listed may increase and decrease from time to time, depending on the demand and supply of the ETF units traded on Bursa Securities. Thus, in order to facilitate and expedite the in-kind creation and redemption of ETF units, no additional application for listing and quotation will be required by the management company as long as it is within the Approved Fund Size.

- 4.3 Based on the same facts as in Question 4.2 above, assuming that the management company plans to issue and list new ETF units subsequent to the listing in addition to the 160 million ETF units but which is less than the total fund size approved by SC, i.e. 300 million units, do they need to submit a new additional listing application and application for quotation for these additional 140 million ETF units to Bursa Securities for approval?**

No, the management company need not apply for listing and quotation of the additional units issued, i.e. 140 million units, as the total number of ETF units to be issued, i.e. 300 million ETF units is still within the Approved Fund Size of the ETF as approved under the Initial Listing Application.

**Chapter 4 Admission for Specific Applicants  
[Questions & Answers]**

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- 4.4 This question is independent from Question 4.3 above. Based on the same facts as in Question 4.2 above, assuming that the management company intends to issue an additional 340 million units, can it still proceed without applying to Bursa Securities for listing and quotation of the additional units?**

No, in this case, as the total number of ETF units to be issued, i.e. 500 million units (160 million units issued in Question 4.2 above plus the additional 340 million units issued under this Question) will exceed the Approved Fund Size, the management company must first apply to SC to increase the Approved Fund Size to 500 million units. Upon receipt of SC's approval, the management company must file with Bursa Securities an application for listing and quotation of the additional 200 million new ETF units pursuant to paragraph 6.60 of the Main LR.

- 4.5 Based on the examples given in Questions 4.2 and 4.4 above, what are the initial listing fee and additional listing fee payable by the management company respectively?**

Based on the Schedule of Fees prescribed under the Main LR, in relation to an ETF, a management company must pay the listing fee on the size of the fund that has been approved for listing by Bursa Securities. As such, for Question 4.2 above, the initial listing fee payable by the management company will be based on the Approved Fund Size of 300 million ETF units, i.e. RM50,000.00. This fee is payable to Bursa Securities upon the submission of application for listing by the management company to Bursa Securities pursuant to paragraph 7.0 of Practice Note 23. As for Question 4.4 above, the additional listing fee payable will be based on the additional 200 million ETF units, which amounts to RM50,000.00. This additional listing fee is payable upon submission of the application for listing and quotation of the 200 million new ETF units by the management company to Bursa Securities pursuant to paragraph 6.60 of the Main LR.

- 4.6 Is an ETF required to comply with any unit spread requirements under the Main LR?**

Pursuant to paragraph 4.12 of the Main LR, Bursa Securities may require a management company seeking listing of units of an ETF on Bursa Securities to comply with such unit spread requirements as may be prescribed by Bursa Securities. However, unless otherwise prescribed by Bursa Securities generally, an ETF will not be required to comply with any unit spread requirement upon listing or as a continuing listing obligation.

***Stapled Securities***

- 4.7 Can each applicant/ issuer of stapled securities appoint its own agent or representative to be responsible for communication with the Exchange thereby having 2 agents or representatives to act for the stapled group?**

No, applicants/issuers of stapled securities can appoint only one agent or representative to be the single contact person responsible for communications with the Exchange, on behalf of the stapled group.

- 4.8 Who can be an agent or representative for the stapled group?**

The Exchange does not prescribe any eligibility criteria for such person.

**Chapter 4 Admission for Specific Applicants  
[Questions & Answers]**

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**4.9 Are both issuers of stapled securities (i.e. the anchor issuer and other stapled issuer) required to issue its quarterly reports to the Exchange?**

No, for purposes of paragraph 9.22 of the Main LR, only the anchor issuer of stapled securities must announce to the Exchange the quarterly report of the stapled group on a consolidated or combined basis.

**4.10 Are both issuers of stapled securities (i.e. the anchor issuer and other stapled issuer) required to issue its annual reports to the Exchange?**

Pursuant to paragraph 9.1 of Practice Note 31 only the anchor issuer is required to issue and announce its annual report to the Exchange. The other stapled issuer is not required to do so. However, if it does, it must also announce the annual report to the Exchange.

**4.11 Who is required to comply with the requirements relating to dealings in listed stapled securities under Chapter 14 of the Main LR?**

The respective directors and principal officers of both the issuers of stapled securities are required to comply with the relevant requirements set out in Chapter 14 of the Main LR, when dealings in listed stapled securities.

**4.12 Can issuers of stapled securities unstaple their securities any time after listing?**

No, issuers of stapled securities must ensure that the securities remain stapled at all times after listing. The Exchange may de-list any of all the securities from the Official List if the securities are no longer stapled.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 1 July 2015)**

**CHAPTER 4A – FOREIGN LISTING**

***Admission processes & procedures***

**4A.1** *Y Ltd* is a foreign corporation which intends to seek a primary listing on the Main Market. What are the admission procedures that *Y Ltd* must comply with for this purpose?

*Y Ltd* must comply with the admission processes and procedures as set out in paragraph 2.0 of Practice Note 21. In this regard, *Y Ltd* must –

- (a) submit its application for a primary listing on the Main Market to the SC for approval; and
- (b) submit to Bursa Securities –
  - (aa) a listing application (in a template as set out in Part A of Annexure 21-A of Practice Note 21); and
  - (bb) all required supporting documents and/or confirmations as specified in Part B of Annexure PN21-A and Part B of Annexure PN24-A.

**4A.2** Are all the directors of *Y Ltd* seeking primary listing on the Main Market required to provide Bursa Securities with the undertakings set out in Annexure PN21-C and Annexure PN21-D of Practice Note 21?

Yes. *Y Ltd* must enclose and submit all its directors' undertakings in the format as prescribed in Annexure PN21-C and Annexure PN21-D to Bursa Securities, together with its application for listing.

***Continuing obligations of a foreign issuer<sup>1</sup>***

**4A.3** In the event *Y Ltd* has a primary listing on the Main Market, are the continuing listing obligations imposed on *Y Ltd* the same compared with those imposed on other Malaysian listed corporations under the Main LR?

Yes, once *Y Ltd* is listed on the Main Market, *Y Ltd* is required to comply with all the other relevant requirements under the Main LR. However, *Y Ltd* must also comply with some additional requirements imposed under Part C of Chapter 4A in the Main LR such as the obligations to –

- (a) have directors or independent directors with place of residence in Malaysia;

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<sup>1</sup> Paragraph 4A.01(2)(a) of the Main LR defines “foreign issuer” as a foreign corporation or foreign collective investment scheme listed on the Main Market.

**Chapter 4A Foreign Listing  
[Questions & Answers]**

- 
- (b) ensure that the audit committee has at least 1 independent director with a place of residence in Malaysia;
  - (c) appoint an external auditor from an international accounting firm or an accounting firm with international affiliation, which is duly registered or recognised by the Audit Oversight Board pursuant to section 31O of the Securities Commission Act 1993;
  - (d) comply with relevant auditing standards;
  - (e) obtain prior shareholder approval in a general meeting to appoint or remove its external auditor;
  - (f) distribute notices, documents or information which it is required to distribute in its place of incorporation, to its Malaysian shareholders;
  - (g) announce to Bursa Securities any change in interest(s) of its substantial shareholders;
  - (h) prepare financial statements on consolidated basis and in accordance with approved accounting standards;
  - (i) immediately notify Bursa Securities of any suspension in trading or de-listing of its securities listed on other stock exchange(s);
  - (j) immediately announce to Bursa Securities any change in the laws of its country of incorporation or the laws in the country of incorporation of its foreign principal subsidiaries, which may affect the rights of shareholders; and
  - (k) ensure that it has in place a system of internal control.

***External auditor of a foreign issuer – accounting firms with international affiliation***

**4A.3A Paragraph 4A.09(a) of the Main LR requires a foreign issuer with a primary listing to appoint an external auditor from an international accounting firm or an accounting firm with international affiliation. What are the criteria which the foreign issuer should consider in determining whether an accounting firm has “international affiliation”?**

In determining whether an accounting firm is affiliated with an international firm, the foreign issuer may consider whether the accounting firm -

- is associated with an international firm;
- pays royalties or annual fees to the international firm;
- has shared services with the international firm such as the accounting firm may deploy services of the international firm for its overseas clients; and
- is able to provide all relevant accounting and auditing services akin to an international auditing firm.

*Admission requirements for secondary listing*

**4A.4 Are all the provisions of the Main LR applicable to an issuer which has secondary listing on the Main Market?**

Apart from Chapters 1, 2, 4A and 16, where applicable, the other Chapters of the Main LR are not applicable to an issuer which has secondary listing on the Main Market.

**Chapter 4B Listing of Sukuk and Debt Securities  
[Questions & Answers]**

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 27 January 2015)****CHAPTER 4B - LISTING OF SUKUK AND DEBT SECURITIES*****Exchange Traded Bonds (“ETB”)*****4B.1 What is the main difference between a listing of sukuk or debt securities on Bursa Securities as ETB and under the Exempt Regime?**

ETB are sukuk or debt securities which are listed and quoted for trading on Bursa Securities. As trading is available on Bursa Securities’ platform, it allows all investors, including retail, sophisticated and institutional investors to participate in bonds trading in a transparent manner.

Listing of sukuk or debt securities under the Exempt Regime means the sukuk or debt securities sought to be listed on Bursa Securities will not be quoted or traded on Bursa Securities. This regime is specifically for issuers which intend to list its sukuk or debt securities on Bursa Securities for listing status and for profiling purposes, and where the targeted group of investors is sophisticated investors. Trading of sukuk or debt securities under the Exempt Regime takes place over-the-counter and is inaccessible to retail investors.

**4B.2 Must an issuer of ETB obtain SC’s approval before it submits its listing application to Bursa Securities?**

An issuer of ETB needs to obtain SC’s approval if it is required under Section 212 (4) of the CMSA. In that case, an issuer may only submit its listing application to Bursa Securities after it has received its approval from SC.

**4B.3 Can an issuer issue ETB which is convertible or exchangeable into listed securities?**

An issuer may only issue ETB which is convertible or exchangeable into listed shares, and not any other type of securities. Such issuer must comply with Chapter 4B and the provisions in Part I of Chapter 6 of the Main LR (which relates to the requirements for an issue of convertible securities), as if it were the listed issuer, with the necessary modifications.

**4B.4 Paragraph 4B.06 of the Main LR requires additional provisions relating to a meeting of sukuk or debt securities holders to be included in a trust deed or any other document governing the rights of the sukuk or debt securities holders. Does it mean that all ETB issuers must have a trust deed?**

No, it depends on whether the issuer is required to have a trust deed under the CMSA 2007 and SC’s Private Debt Securities Guidelines.

Where an issuer of ETB has a trust deed, the trust deed must include the provisions relating to a meeting of sukuk or debt securities holders as set out in Appendix 4B-A of the Main LR. In the absence of a trust deed, an issuer must include the provisions set out in Appendix 4B-A in any other document governing the rights of the sukuk or debt securities holders.



## Chapter 4B Listing of Sukuk and Debt Securities [Questions & Answers]

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However, an issuer of ETB is not required to include the provisions set out in Appendix 4B-A of the Main LR if the ETB is:

- (a) issued by the Federal Government of Malaysia, State Government of Malaysia or any statutory body ; or
- (b) guaranteed by the Federal Government of Malaysia or Bank Negara Malaysia,

**4B.5 Must an ETB issuer prepare and announce its annual reports to Bursa Securities pursuant to the Main LR?**

No, an issuer of ETB is not required to prepare and announce its annual reports to Bursa Securities pursuant to the Main LR. However, if the issuer prepares annual reports on a voluntary basis, the issuer is encouraged to announce it to Bursa Securities for its securities holders' information.

**4B.6 Must an issuer of ETB issue a notice of maturity or expiry to its holders and advertise a summary of the same in at least one nationally circulated Bahasa Malaysia or English daily newspaper pursuant to the Main LR?**

No, an issuer of ETB which is not convertible or exchangeable into listed shares is not required to issue its sukuk or debt securities holder with a notice of maturity or expiry and or advertise a summary of the same in at least one nationally circulated Bahasa Malaysia or English daily newspaper pursuant to the Main LR. Instead, such issuer must, at least 1 month before the maturity date, announce the maturity date of each issuance of sukuk or debt securities to Bursa Securities.

**4B.7 With reference to Question 4B.6 above, what if the ETB is convertible or exchangeable into listed shares?**

An issuer of ETB which is convertible or exchangeable into listed shares must issue a notice of the maturity or expiry of such ETB to its sukuk or debt securities holders and advertise a summary of the same in at least one nationally circulated Bahasa Malaysia or English daily newspaper not less than 1 month before the last conversion/exercise date or maturity date, whichever is the earlier.

**4B.8 Must a guarantor of an issuer of ETB announce its half yearly financial statements to Bursa Securities pursuant to the Main LR?**

No, a guarantor of an issuer of ETB is not required to prepare and announce its half yearly financial statements to Bursa Securities pursuant to the Main LR. However, if the guarantor prepares its half yearly financial statements on a voluntary basis, the guarantor is encouraged to announce it to Bursa Securities for the securities holders' information.

## Chapter 4B Listing of Sukuk and Debt Securities [Questions & Answers]

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### **4B.9 How will an ETB issuer pay the interest or profit rates respectively to its debt securities or sukuk holders?**

Pursuant to paragraph 8.26A of the Main LR, an issuer of ETB is required to pay the interest or profit rates on its debt securities or sukuk respectively by direct crediting into the bank accounts of the debt securities or sukuk holders who have provided their bank account details to the Depository. However, in respect of debt securities or sukuk holders who have not provided their bank account details to the Depository, the issuer may pay the interest or profit rates respectively to its debt securities or sukuk holders in the manner as may be authorized under the issuing documents, such as the trust deed or terms of issuance.

#### ***Exempt regime***

### **4B.10 Can a non-listed issuer list its sukuk or debt securities on Bursa Securities under an Exempt Regime?**

Yes, an issuer, listed or otherwise, may seek to list its sukuk or debt securities on Bursa Securities under an Exempt Regime.

### **4B.11 What is meant by listing of sukuk or debt securities under an “Exempt Regime”?**

Listing of sukuk or debt securities under an “Exempt Regime” means the sukuk or debt securities sought to be listed on Bursa Securities will not be quoted or traded on Bursa Securities. This regime is specifically for issuers who intend to list its sukuk or debt securities on Bursa Securities for the listing status and for profiling purposes, and where the targeted group of investors is sophisticated investors.

### **4B.12 Must an issuer obtain the SC’s approval before it submits its listing application to Bursa Securities?**

An issuer only needs to obtain the SC’s approval if it is required under section 212(4) of the CMSA. In that case, an issuer may submit its listing application to Bursa Securities at the same time it submits its application for approval to the SC. However, Bursa Securities’ approval for listing, if given, will be conditional upon to the SC’s approval being granted for the issue or offer of the sukuk or debt securities.

### **4B.13 What is the currency in which the sukuk or debt securities may be listed under an Exempt Regime?**

The sukuk or debt securities of an issuer under an Exempt Regime may be in Ringgit or any foreign currency, except those currencies which are restricted by the Controller of Foreign Exchange.

### **4B.14 Under an Exempt Regime, where would the trading take place?**

Under an Exempt Regime, trading will take place outside Bursa Securities, i.e. on an over-the-counter basis.

## Chapter 4B Listing of Sukuk and Debt Securities [Questions & Answers]

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**4B.15 Is it mandatory for an issuer to issue and announce its half-yearly financial statement to Bursa Securities?**

No, paragraph 4B.19 of the Main LR does not mandate an issuer to prepare or issue a half-yearly financial statement. However, an issuer which has prepared or issued a half yearly financial statement, must announce the same to Bursa Securities within 2 months after the close of the half year of the issuer's financial year.

**4B.16 When is an issuer required to make the announcement under paragraph 10.0 of Practice Note 26?**

An issuer must announce the information set out in paragraph 10.0 of Practice Note 26 to Bursa Securities -

- (a) before the issuance of the sukuk or debt securities for listing; and
- (b) where the sukuk or debt securities are issued under a programme, each subsequent issuance of sukuk or debt securities upon listing on Bursa Securities.

**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 27 January 2015)**

**CHAPTER 5 - STRUCTURED WARRANTS**

***General***

- 5.1 What are the roles of SC and Bursa Securities respectively in approving the issuance and listing of structured warrants (“SW”)?**

SC approves the eligibility of an issuer of SW, register the prospectus and term sheet for specific issuance of SW in accordance with the CMSA. Bursa Securities approves the listing and quotation of SW on Bursa Securities pursuant to the Main LR.

***Listing of SW pending listing of underlying financial instrument***

- 5.2 Can an issuer submit a listing application to Bursa Securities for the issuance and listing of structured warrants where the underlying corporation or exchange-traded fund has not been listed but is seeking listing either on Bursa Securities or on a securities exchange outside Malaysia?**

Yes, the issuer may do so provided that it complies with the requirements set out in paragraph 5.03(1A)<sup>1</sup> of the Main LR (if the underlying corporation or exchange-traded fund is seeking listing on Bursa Securities) or paragraph 5.04(2)<sup>2</sup> of the Main LR (if 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 Bursa Securities).

- 5.3 Paragraph 5.03(1A) of the Main LR now allows the listing of structured warrants where the underlying corporation or exchange-traded fund is seeking listing on Bursa Securities. When can the structured warrants be listed on Bursa Securities?**

Generally, the listing of structured warrants shall only take place 5 market days after the date of the listing of the underlying shares in a corporation or units of an exchange-traded fund on Bursa Securities (“**5 Market Day Requirement**”).

- 5.4 Is the 5 Market Day Requirement applicable to a listing of structured warrants on Bursa Securities where the underlying corporation or exchange-traded fund is seeking listing on a securities exchange outside Malaysia?**

No, the 5 Market Day Requirement does not apply to such listing of structured warrants on Bursa Securities.

<sup>1</sup> The underlying corporation or exchange-traded fund must have a market capitalization (excluding treasury shares) of at least RM3 billion based on the issue price of the shares in the corporation or units in the exchange-traded fund as set out in the prospectus.

<sup>2</sup> The underlying corporation or exchange-traded fund must have a market capitalization equivalent to at least RM5 billion based on the issue price of the shares in the corporation or units in the exchange-traded fund as set out in the prospectus, and upon listing, the corporation or exchange-traded fund must comply with the other requirements set out in paragraph 5.04 of the Main LR.

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**Admission Processes & Procedures****5.5 Is an issuer required to submit an application for quotation?**

No, an issuer is not required to file a separate application for quotation. An issuer needs to submit only one application (in a template as set out in Annexure PN27-A of Practice Note 27) together with all supporting documents, confirmations and undertakings prescribed in Practice Note 27.

**5.6 In respect of a single issue of SW, when should an issuer file its listing application to Bursa Securities?**

Pursuant to paragraph 2.1(a) of Practice Note 27, an issuer should file its listing application to Bursa Securities concurrently, i.e. on the same day it submits a registrable prospectus to the SC.

**5.7 What is the reason for making the announcement pursuant to paragraph 6.2 and 7.1(i) of Practice Note 27?**

An issuer must announce the relevant information pursuant to paragraph 6.2 and 7.1(i) of Practice Note 27 via a template available in the Bursa Link System to inform the investors of the actual listing date and details of the SW in place of the listing circular which Bursa Securities has ceased to issue.

**5.8 What is the cut-off time for the issuer to make the announcement pursuant to paragraph 6.2 and 7.1(i) of Practice Note 27?**

An issuer must make the announcement not later than 1 p.m. on the market day immediately before the actual listing date in order to provide a reasonable notice period to the investors and Bursa Securities.

**5.9 In view of the cut-off time referred to in Question 5.8 and the condition that the announcement can only be made after receipt of a confirmation from Bursa Depository that the structured warrants are ready to be credited into the respective securities accounts, what is the cut-off time for the issuer to submit the final allotment information and the warrant certificate to Bursa Depository?**

If an issuer wants the listing to take place on a particular date, it must submit an error-free final allotment information and the warrant certificate to Bursa Depository at the earliest time practicable and in any event not later than 9.00 a.m. on the market day immediately before the actual listing date.

**5.10 Do the issuer of structured warrants and its directors have to provide any undertakings to Bursa Securities?**

Yes, an issuer of structured warrants has to furnish to Bursa Securities an undertaking in the form as prescribed in Annexure PN27-C of Practice Note 27 while its directors have to provide undertakings in the form as prescribed in Annexure PN27-D of Practice Note 27.

- 5.11 In respect of an issuer undertaking a multiple issuance of SW pursuant to paragraph 3.0 of Practice Note 27, is the issuer required to submit a letter of undertaking executed by the issuer and a letter of undertaking executed by each of its directors together with each of its listing application submitted to Bursa Securities?**

An issuer may submit a letter of undertaking executed by the issuer and a letter of undertaking executed by each director in the format prescribed in Annexure PN27-C and Annexure PN27-D respectively in its first listing application submitted under each base prospectus. This undertaking letter will be applicable for all subsequent listing applications made within the validity period of the base prospectus.

For an issuer whose base prospectus is issued before the effective date of Annexure PN27-C and Annexure PN27-D (i.e. 3 August 2009), the issuer must submit the said letters of undertaking in the format prescribed in Annexure PN27-C and Annexure PN27-D respectively in its first listing application submitted to Bursa Securities after 3 August 2009.

- 5.12 Reference is made to Question 5.11. When should a new director (who is appointed after the first listing application) submit the letter of undertaking to Bursa Securities?**

Pursuant to paragraph 5.37 of the Main LR, an issuer must ensure the new director submits the letter of undertaking in the format prescribed in Annexure PN27-D of Practice Note 27 within 14 days after his appointment date.

#### ***Market making***

- 5.13 Can an issuer of SW opt not to place out the SW to the prescribed minimum number of holders ("Required Placement") upon issuance?**

Yes, pursuant to paragraph 5.11(2)(b) of the Main LR, if an issuer provides liquidity for the SW via market making, it need not comply with the Required Placement.

- 5.14 Can an issuer provide market making for its SW issue even if it complies with the Required Placement at issuance?**

Yes, an issuer may choose to provide market making for its SW even though it has already complied with the Required Placement.

- 5.15 How many market makers are allowed for each SW issue?**

Pursuant to paragraph 5.12 of the Main LR, only 1 market maker is allowed for each SW issue.

- 5.16 Can an issuer be a market maker for its SW issues?**

An issuer can be a market maker provided that it is registered as a market maker under the Rules of Bursa Securities. If the issuer decides not to market make for its SW issues, it can appoint a third party to carry out the market making.

**Terms and conditions**

- 5.17 Can an issuer issue additional units of SW to the existing holder as a result of an adjustment arising from the Corporate Proposals<sup>3</sup> (as defined in paragraph 5.17 of the Main LR)?**

No, pursuant to paragraph 5.17 of the Main LR, where an issuer proposes an adjustment to the terms of the SW arising from a Corporate Proposal, the issuer may only adjust the exercise price or conversion ratio of its SW, or both. It is not allowed to issue additional units to the existing holders.

**Further Issue**

- 5.18 Can the issuer place out or offer the additional units of SW issued under a further issue of its structured warrants ("Further Issue") which form part of the existing listed series of structured warrants ("Existing Issues") to the public directly?**

No, issuance of additional units of SW under Further Issue pursuant to paragraph 5.29 of the Main LR is only allowed for market making purpose.

In this respect, the additional units will be listed as additional units to the Existing Issue and will be traded under the same stock code, stock short name and ISIN Code as the Existing Issue.

- 5.19 Is there any additional listing fee chargeable for the listing of additional units under Further Issue?**

No.

**Continuing listing obligations**

- 5.20 Does the obligation to submit financial statements in accordance with paragraph 5.34(1) of the Main LR apply to an issuer which issues a bull equity linked structure on 1 September 2009 with an expiry date of 6 months and the issuer has a financial year ending on 31 December?**

No, pursuant to paragraph 5.34(2) of the Main LR, the obligation to submit financial statements does not apply to an issuer of bull equity linked structure with an expiry date which takes place before the due date to submit financial statements. In this instance, the bull equity linked structure will expire on 28 February 2010 whilst the due date to issue the financial statement is within 3 months of 31 December 2009 i.e. by 31 March 2010. Therefore, the obligation to submit financial statements in accordance with paragraph 5.34(1) does not apply.

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<sup>3</sup> Based on paragraph 5.17 of the Main LR, "Corporate Proposal" means -

- (a) a corporate exercise undertaken by the underlying corporation or the issuer of the underlying financial instrument, for example a consolidation, bonus or rights issue; or
- (b) any event which has a dilutive or concentrative or other effect on the theoretical value of the underlying financial instruments.

**5.21 In respect of the bull equity linked structure referred to in Question 5.20 above, how often does the periodic information referred to in paragraph 5.35(1)<sup>4</sup> of the Main LR have to be furnished to Bursa Securities?**

As the expiry date of the bull equity linked structure in this case is 6 months, pursuant to paragraph 5.35(2)(b) of the Main LR, an issuer must furnish to Bursa Securities the periodic information prescribed in paragraph 5.35(1), on a fortnightly basis.

**5.22 In respect of the bull equity linked structure referred to in Question 5.20 above, when does the notice of expiry have to be issued?**

As the expiry date of the bull equity linked structure in this case is 6 months, pursuant to paragraph 5.36(1)(a) of the Main LR, the notice of expiry must be issued not less than 2 weeks before the expiry date.

**5.23 What is the rationale for requiring an issuer to announce the number and percentage of SW not held by the issuer or its market maker on a monthly basis under paragraph 5.35(5) of the Main LR?**

Such reporting requirement is to ensure transparency of all pertinent information related to the SW to investors earlier and on a more frequent basis.

**5.24 Is the draft notice of expiry of SW subject to Bursa Securities' review before issuance?**

No, Bursa Securities will not peruse the draft notice of expiry of SW. In this respect, an issuer must include a statement in the notice that Bursa Securities has not perused the notice of expiry prior to issuance.

**5.25 Is an issuer required to despatch the notice of expiry of its SW to the holders of the SW?**

Pursuant to paragraph 5.36(2) of the Main LR, only an issuer of SW without an automatic exercise feature is required to despatch the physical notice of expiry to the holders of the SW. However, all issuers must prepare and announce a notice of expiry in accordance with paragraph 5.36(1) of the Main LR.

**5.26 In the case of expiry of a SW, when will the suspension of the trading in SW take place?**

Generally, the trading in SW will be suspended before its expiry date, i.e. at 9.00 a.m. on the relevant date as follows:

		<b>Commencement of suspension</b>
(i)	SW with automatic exercise feature (other than bull equity-linked structure)	<b>2 market days</b> before the expiry date

<sup>4</sup> The periodic information prescribed under paragraph 5.35(1) of the Main LR is –

- (a) the number of structured warrants exercised during the relevant timeframe;
- (b) the cumulative number of structured warrants exercised to date; and
- (c) the number of structured warrants outstanding.



		<b>Commencement of suspension</b>
(ii)	SW other than specified in (i) above (other than bull equity-linked structure)	<b>11 market days</b> before the expiry date
(iii)	Bull equity-linked structure	<b>4 market days</b> before the expiry date

**5.27 What is the information required to request for suspension pursuant to paragraph 5.41 of the Main LR?**

An issuer must provide the relevant information as required under Practice Note 2 of the Main LR together with the supporting documents/announcements.

**5.28 Does an issuer of structured warrants have any other continuing listing obligations apart from those stated in Chapter 5 of the Main LR?**

Yes, pursuant to paragraph 5.42 of the Main LR, an issuer must also comply with Chapters 1, 2 and 16. The other Chapters of the Main LR do not apply to an issuer of structured warrants.

**5.29 Does an issuer of structured warrants have to comply with the provisions relating to corporate governance, for example, the requirement to set up an audit committee?**

No, pursuant to paragraph 5.42 of the Main LR, an issuer is not required to comply with the provisions on corporate governance as set out in Chapter 15 of the Main LR. However, an issuer is encouraged to maintain good corporate governance in its company.

***Announcements***

**5.30 In announcing the books closing date (“BCD”) for the adjustment to the terms of the SW (“Adjustment”) pursuant to paragraph 5.43(3) of the Main LR, must an issuer fix the BCD for the Adjustment on the same date as the BCD for the corporate proposal of the underlying corporation or underlying financial instrument?**

Yes, where the underlying corporation or underlying financial instrument is listed on Bursa Securities, an issuer must ensure that the BCD for the Adjustment is the same as the BCD for the corporate proposal of the underlying corporation or underlying financial instrument.

However, if the underlying corporation or underlying financial instrument is listed on a securities exchange outside Malaysia, the settlement period of the foreign underlying corporation or underlying financial instrument may be different from Bursa Securities. In this instance, an issuer need not ensure that the BCD of the Adjustment is the same as the BCD for the corporate proposal of the foreign underlying corporation or underlying financial instrument. However, the issuer must ensure that the ex-entitlement date of the Adjustment is the same as the ex-entitlement date for the corporate proposal of the foreign underlying corporation or underlying financial instrument.

**Callable Bull/Bear Certificate (“CBBC”)**

**5.31 Does a CBBC issuer have to comply with the same obligation as a structured warrant issuer?**

Unless otherwise provided in the Main LR, an issuer of CBBC must comply with all the requirements in the Main LR which are applicable to an issuer of structured warrants.

**5.32 Issuer A intends to issue 100 million callable bear certificates on 1 June 2010. The callable bear certificates issued will be based on PLC X’s shares listed on Bursa Securities. In what situation can Issuer A issue the callable bear certificates?**

Pursuant to paragraph 5.06(a) of the Main LR, Issuer A may only issue the callable bear certificates if the shares are part of the Approved Securities as defined in Rule 704.1 of the Rules of Bursa Securities (“**Approved Securities**”).

**5.33 What are considered as “Approved Securities”?**

Pursuant to paragraph 5.02 of the Main LR, “Approved Securities” has the meaning given in Rule 704.1 of the Rules of Bursa Securities. The list of the “Approved Securities” may be obtained at Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

**5.34 If the underlying financial instrument of a callable bear certificate is an exchange-traded fund, must the issuer issue the callable bear certificates together with the callable bull certificates?**

No, the issuer need not issue the callable bear certificates together with any callable bull certificates if the underlying financial instrument is -

- (a) an exchange-traded fund;
- (b) an index; or
- (c) Approved Securities.

**5.35 On 1 June 2010, Issuer A issues 100 million of callable bull certificates based on PLC X’s shares listed on Bursa Securities. The certificates have the following features:**

**Call Price : RM1.50**  
**Exercise Price : RM1.00**  
**Expiry Date : 30 Dec 2010**

**On 2 August 2010, the transacted prices of PLC X’s shares as at 10.30 a.m. are as follows:**

Time (a.m.)	Transacted Price (RM)
9.00	1.60
9.20	1.70
9.30	1.40
10.00	1.70
10.30	1.50

**(a) When does the MCE<sup>5</sup> for the callable bull certificates occur?**

The MCE for the callable bull certificates occurs at 9.30 a.m. on 2 August 2010, when the transacted price is RM1.40, which is below the call price.

**(b) What happens to the callable bull certificate when a MCE occurs?**

When a MCE occurs, the certificates will be called and terminated by Issuer A immediately.

**5.36 Settlement of CBBCs where the call price is different from the exercise price**

**This Question is based on the same facts as Question 5.35 above. For the purpose of this Question, it is assumed that the next trading session after the MCE occurs at 9.30 a.m. contains at least 1 hour of continuous trading for PLC X's shares as defined in paragraph 5.25A(2) of the Main LR.**

**(a) Assuming the traded prices of PLC X's shares during the various trading phases on 2 August 2010 are as follows:**

No	Trading Phase	Time	Traded Price of PLC X's Shares (RM)
1	Opening	9.00 a.m.	2.00
2	Continuous Trading	9.30 a.m.	1.40
		10.00 a.m.	1.70
		10.30 a.m.	1.50
		11.30 a.m.	1.60
		12.30 p.m.	1.30
<b>Lunch</b>			
3	Opening	2.30 p.m.	0.90
4	Continuous Trading	3.00 p.m.	1.20
		3.30 p.m.	1.35
		4.00 p.m.	1.40
5	Closing	4.50 p.m.	0.90

**Are the callable bull certificate holders in this case entitled to receive a cash amount upon the MCE?**

Yes. Pursuant to paragraphs 5.25A(1)(b)(i) and 5.25A(2)(a) of the Main LR, where the call price of a callable bull certificate is different from the exercise price, the certificate holders will receive a cash amount if the lowest traded price transacted during the Main Trading Phase of an underlying financial instrument from the MCE up to the end of the next trading session, is above the exercise price.

<sup>5</sup> "MCE" or "mandatory call event" is defined in paragraph 5.02 as the first occurrence at any time before the certificate's expiry date where the transacted price of the underlying financial instrument is –

- (a) at or below (in respect of a callable bull certificate); or
- (b) at or above (in respect of a callable bear certificate),

the call price and upon which the callable bull/bear certificate will be called by the issuer.

**Chapter 5 Structured Warrants  
[Questions & Answers]**

In this case, MCE occurs at 9.30 a.m. The lowest traded price transacted during the Main Trading Phase\*\* of PLC X's shares from the MCE (9.30 a.m.) up to the end of the afternoon trading session, is higher than the exercise price of RM1.00.

As such, the callable bull certificate holders in this case are entitled to receive a cash amount upon the MCE.

*\*\*For the purpose of the lowest traded price during the Main Trading Phase, the opening and closing prices are not taken into account. As such, the opening and closing prices of RM0.90 which is lower than the exercise price of RM1.00 is not taken into account. Instead, RM1.20 which is the lowest traded price during the continuous trading phases is regarded as the lowest traded price for settlement purpose.*

Note: The requirement that only the lowest/highest traded price that occurs during the "Main Trading Phase" can be taken into account in computing the settlement price of a CBBC, is only applicable when the underlying financial instrument is shares or exchange-traded funds listed on the Exchange.

- (b) **This Question is independent from Question (a) above. Assuming the traded prices of PLC X's shares during the various trading phases on 2 August 2010 are as follows:**

No	Trading Phase		Traded Price of PLC X's Shares (RM)
1	Opening	9.00 a.m.	2.00
2	Continuous Trading	9.30 a.m.	1.40
		10.00 a.m.	1.70
		10.30 a.m.	1.50
		11.30 a.m.	1.60
		12.30 p.m.	1.30
<b>Lunch</b>			
3	Opening	2.30 p.m.	1.10
4	Continuous Trading	3.00 p.m.	0.90
		3.30 p.m.	1.20
		4.00 p.m.	1.30
5	Closing	4.50 p.m.	0.90

**Are the callable bull certificate holders in this case entitled to receive a cash amount upon the MCE?**

No. As explained in (a) above, pursuant to paragraph 5.25A(1)(b)(i) of the Main LR, the callable bull certificate holders will only receive a cash amount if the lowest traded price transacted during the Main Trading Phase of PLC X's shares from the MCE up to the end of the next trading session, is above the exercise price.

In this case, the MCE occurs at 9.30 a.m. The lowest traded price transacted during the Main Trading Phase of PLC X's shares from the MCE (9.30 a.m.) up to the end of the afternoon trading session (excluding the opening and closing prices), is RM0.90 which occurs during the continuous trading at 3.00 p.m. RM0.90 is below the exercise price of RM1.00.

As such, the callable bull certificate holders in this case are not entitled to receive a cash amount upon the MCE.

- 5.37 On 1 June 2010, Issuer B issues 100 million of callable bull certificates based on PLC X's shares listed on Bursa Securities. The certificates have the following call and exercise price:**

**Call Price : RM1.00**  
**Exercise Price : RM1.00**

**Will the callable bull certificate holders receive any cash amount if a MCE occurs?**

No. As stipulated in paragraph 5.25A(1)(a) of the Main LR, where the call price of a CBBC is equal to its exercise price, the certificate holder will not receive any cash amount if a MCE occurs.

- 5.38 If a MCE occurs, paragraph 5.41A(2)(c) of the Main LR requires a CBBC issuer to announce the date when the CBBC will be de-listed by Bursa Securities. When will the CBBC be de-listed if a MCE occurs?**

The CBBC will be de-listed from the Official List on the 4<sup>th</sup> market day after the MCE occurs.

- 5.39 If a MCE occurs, will the CBBC be terminated at the time when the trading of the CBBC is suspended or when the MCE occurs?**

Pursuant to paragraph 5.17A(1) of the Main LR, if a MCE occurs, a CBBC will be terminated at the time when its trading is suspended.

Example

If a MCE occurs at 10 a.m. and the suspension is effected at 10.01 a.m., the CBBC will be terminated when it is suspended at 10.01 a.m. All trades effected until the suspension are valid.

- 5.40 When must a CBBC issuer announce the settlement amount payable to the holders?**

Paragraph 5.44A(b) of the Main LR requires a CBBC issuer to announce the settlement amount payable to the holders within 1 market day from the end of the next trading session after the MCE.

Examples:

The examples below are on the assumption that the next trading session after the MCE contains at least 1 hour of continuous trading for the underlying financial instrument.

- (a) If a MCE occurs during a morning trading session on Monday, the issuer must announce the settlement amount by Tuesday; and
- (b) If the MCE occurs during an afternoon trading session on Monday, the issuer must announce the settlement amount by Wednesday.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 27 January 2015)**

**CHAPTER 6 – NEW ISSUES OF SECURITIES**

*Admission*

- 6.1 Pursuant to paragraph 6.02(3)(d) of the Main LR, Bursa Securities when granting approval for the listing of a new issue of securities by listed issuers, will consider amongst others, whether the listed issuer has satisfactory corporate governance practices. What will Bursa Securities consider in determining whether that is fulfilled?**

Bursa Securities in considering a proposal, would take into account a listed issuer's corporate governance record, including any previous actions taken against the listed issuer for any breach of any relevant laws, guidelines or rules issued by the SC or Bursa Securities, or for failure to comply with any written notice or condition imposed by the SC or Bursa Securities.

In addition, Bursa Securities will also consider the past corporate conduct of the board of directors.

- 6.2 Is a listed issuer allowed to submit its listing application for a new issue of securities to Bursa Securities on its own?**

No, pursuant to paragraph 6.02(4) of the Main LR, a listing application in relation to any new issue of securities must be submitted to Bursa Securities through a Principal Adviser.

*Listing procedures*

- 6.3 What is the key difference between the procedures under paragraph 2.0 and 4.0 of Practice Note 28?**

Pursuant to paragraph 2.0 of Practice Note 28, the listed issuer is required to submit 2 applications to Bursa Securities for approval -

- (i) Additional Listing Application (“**ALA**”) - of which the approval from Bursa Securities will be sought for the listing of new securities; and
- (ii) Quotation Application – of which listed issuer is required to furnish Bursa Securities with the requisite documents/confirmations to facilitate the listing and quotation of the new securities on Bursa Securities.

However, under paragraph 4.0 of Practice Note 28, the Quotation Application is merged with the ALA. Hence, only 1 application is required to be submitted to Bursa Securities (“**Consolidated Application**”). All the requisite documents/confirmations required under the Quotation Application will be procured in the form of undertakings when the listed issuer submits its Consolidated Application.

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The procedures under paragraph 4.0 of Practice Note 28 are similar to paragraph 3.0 of Practice Note 28 in relation to the listing of bonus issue of securities and convertible securities arising from the bonus issue, which was implemented successfully in April 2007 with the objective of shortening the time to market.

**6.4 When a listed issuer undertakes a new issue of securities and a draft circular for such proposal is required to be submitted to Bursa Securities for its review before issuance to the shareholders, must the listed issuer submit the draft circular to Bursa Securities together with the listing application?**

Yes, the listed issuer must submit the draft circular together with its listing application for the new issue of securities and supporting documents for Bursa Securities' review. Bursa Securities will revert with the decision on the listing application and comments on the draft circular at the same time.

**6.5 Please elaborate further on the type of proposals to which the procedures under paragraph 4.0 of Practice Note 28 apply.**

This procedure is applicable to the additional securities which will be listed and quoted as the existing listed securities of the same type and class.

**Examples where paragraph 4.0 is applicable**

**Example 1**

*PLC A* proposes to issue additional new ordinary shares pursuant to the exercise of Share Issuance Scheme where the new ordinary shares arising from the Share Issuance Scheme will be listed and quoted as the existing listed ordinary shares.

In this instance, *PLC A* will adhere to the procedures under paragraph 4.0 for the listing and quotation of the new ordinary shares issued pursuant to the Share Issuance Scheme as it involves the same class of securities.

**Example 2**

*PLC B* has existing ordinary shares and warrants listed on Bursa Securities. *PLC B* proposes to undertake a rights issue of 100 million new ordinary shares on the basis of 1 new ordinary share for every 2 existing ordinary shares held ("**Rights Issue**"). Pursuant to the provision in the deed poll, additional warrants will be issued arising from the adjustment pursuant to the Rights Issue ("**Additional Warrants**").

In this instance, *PLC B* will adhere to the procedures under paragraph 4.0 provided that the additional 100 million new ordinary shares and the Additional Warrants will be listed and quoted as the existing listed ordinary shares and warrants respectively.

**Example 3**

*PLC E* undertakes a corporate exercise which entails the following:

- (a) Proposed acquisition of *ABC company* for a purchase consideration of RM100 million to be satisfied by the issuance of 50 million new ordinary shares at RM2.00 per share (“**Acquisition**”).
- (b) Rights issue of 80 million new ordinary shares on the basis of 1 new ordinary share for every 1 share held (“**Rights Issue**”).

**Facts**

- (i) The Acquisition shares and Rights Issue will be listed and quoted as the existing listed ordinary shares; and
- (ii) The Acquisition and Rights Issue are inter-conditional upon each other and hence, the new ordinary shares arising from both the Rights Issue and Acquisition must be listed and quoted at the same time.

In this instance, *PLC E* will adhere to the procedures under paragraph 4.0 of Practice Note 28 because both the new shares arising from the Acquisition and Rights Issue will be listed and quoted as the existing listed shares.

**Examples where paragraph 4.0 of Practice Note 28 is NOT applicable****Example 4**

*PLC C* proposes to undertake a private placement of new ordinary shares and these new ordinary shares will not be entitled to the final dividend for the financial year ended 30 March 2009.

As the new ordinary shares to be issued pursuant to the private placement will not be listed and quoted as the existing listed ordinary shares to which the procedures under paragraph 4.0 apply, *PLC C* must follow the procedure under paragraph 2.0 of Practice Note 28.

**Example 5**

*PLC D* has existing ordinary shares and warrants listed on Bursa Securities and proposes to undertake a rights issue of 80 million new ordinary shares and 80 million nominal value of Irredeemable Convertible Loan Stocks (“**ICULS**”) to its shareholders.

As the rights issue involves the issuance of a new type of securities i.e. ICULS, which is not currently listed, *PLC D* must follow the listing procedures under paragraph 2.0 of Practice Note 28 similar to Example 3 above.



**Example 6**

*PLC F* undertakes a corporate exercise which entails the following:

- (a) Proposed acquisition of *DEF company* for a purchase consideration of RM100 million to be satisfied by the issuance of 50 million new ordinary shares at RM2.00 per share ("**Acquisition**").
- (b) Rights issue of 80 million new ordinary shares on the basis of 1 new ordinary share for every 1 share held ("**Rights Issue**").

**Facts**

- (i) The new ordinary shares arising from the Acquisition will not be entitled to the Rights Issue;
- (ii) The Rights Issue shares will be listed and quoted as the existing listed ordinary shares; and
- (iii) The Acquisition is not conditional upon the Rights Issue.

In this instance, *PLC F* will adhere to the following procedures:

- Procedures under paragraph 2.0 of Practice Note 28 for new ordinary shares arising from Acquisition as it involves the issuance of a new class of securities i.e. "A" shares; and
- Procedures under paragraph 4.0 of Practice Note 28 for Rights Issue because the new shares arising from the Rights Issue will be listed and quoted as the existing listed shares.

Please refer to Annexure PN28-A of Practice Note 28 for a better understanding on the application of each additional listing procedure set out under paragraphs 2.0, 3.0 and 4.0 of Practice Note 28.

**6.6 When will the listing and quotation of the additional securities be effected under paragraph 4.0 of Practice Note 28?**

Pursuant to the procedures under paragraph 4.0 of Practice Note 28, the additional securities will be listed and quoted on the next market day after the listed issuer has -

- (a) submitted the relevant certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before **10 a.m.** on the market day before the listing date;
- (b) received confirmation from Bursa Depository that the additional securities are ready for crediting into the respective account holders; and

- (c) announced pursuant to paragraph 13.2 of Practice Note 28 through *Bursa Link* via a dedicated template, “*ALA template*” before **3 p.m.** on the market day before the listing date the following:
- (i) details of corporate proposal;
  - (ii) total number of securities issued under each proposal and its issue price, if any ;
  - (iii) date of listing and quotation; and
  - (iv) latest issued and paid up share capital after the proposal indicating the number of shares (in units and RM) and their par value, if any.

**6.7 A controlling shareholder which is a statutory institution managing funds belonging to the public is no longer required to list down its directorships or substantial shareholdings in all other listed issuers in Malaysia for the past 3 years, in the additional listing application for new issue of securities under paragraph 12, Part A of Annexure PN28-B. What are some examples of “statutory institutions managing funds belonging to the public”?**

Examples of statutory institutions managing funds belonging to the public include the Employees Provident Fund (“**EPF**”), Lembaga Tabung Angkatan Tentera (“**LTAT**”), Kumpulan Wang Persaraan (Diperbadankan) (“**KWAP**”) and Lembaga Tabung Haji.

**6.8 Paragraph 1(c) of Part C Annexure PN28-B of Practice Note 28 requires a listed issuer to enclose among others, a confirmation from the listed issuer that Bursa Depository is ready to credit the new securities to the accounts of the entitled holders. Are there any specific requirements to be complied with by a listed issuer with regard to providing this confirmation?**

In order to provide the confirmation that Bursa Depository is ready to credit the new securities to the accounts of the entitled holders, a listed issuer must procure a confirmation from Bursa Depository as set out below when the listed issuer submits the new scrip in respect of new securities to Bursa Depository. The listed issuer must include the following confirmation in its cover letter to Bursa Depository when submitting the said new scrip:

*“(To be completed by Bursa Malaysia Depository Sdn Bhd)*

*We hereby confirm that Bursa Malaysia Depository Sdn Bhd has received all the relevant documents from the share registrar/ issuer to facilitate the crediting of the above allotment. The above securities will be credited into the designated CDS accounts one (1) market day prior to the listing/quotation of the above securities.*

.....  
Name : (Authorised signatory)

Date : "

Bursa Depository will then acknowledge on the said cover letter. The listed issuer must submit a copy of the cover letter duly acknowledged by Bursa Depository to Bursa Securities as the confirmation required under paragraph 1(c) of Part C, Annexure PN28-B, together with the other documents as required under Part C of Annexure PN28-B in support of an application for quotation of new issue of securities.

#### **General requirements for new issue of securities**

#### **6.9 When should a listed issuer seek a general mandate from its shareholders to issue new securities?**

A listed issuer is encouraged to seek a general mandate from its shareholders only when it has a clear purpose for the utilization of the general mandate, such as for working capital or debt repayment.

#### **6.10 The facts are as follows:**

- On 31 July 2014, *PLC A* obtained a general mandate from its shareholders under paragraph 6.03(1) of the Main LR to issue shares at any time until the conclusion of its next annual general meeting provided that the aggregate number of shares to be issued does not exceed 10% of its issued and paid-up capital for the time being.
- The nominal value of *PLC A*'s issued and paid-up capital as at 31 July 2014 was RM95 million.
- On 1 September 2014, the nominal value of *PLC A*'s issued and paid-up capital increased to RM100 million shares pursuant to a private placement exercise of 5 million shares of RM1.00 each issued under the general mandate.
- On 31 December 2014, *PLC A* issued another 50 million shares of RM1.00 each pursuant to a rights issue exercise which has been approved under a specific shareholders' approval.
- *PLC A* intends to undertake another private placement exercise by 30 June 2015.

**What is the maximum amount of shares that *PLC A* can issue for the private placement exercise under the general mandate?**

As at 30 June 2015, the nominal value of *PLC A*'s issued and paid-up capital is RM150 million. Therefore, the maximum amount that *PLC A* can issue under the general mandate is 15 million shares of RM1.00 each. Since *PLC A* has issued 5 million shares under the general mandate in the preceding 12 months, the maximum number of shares that can be issued under the general mandate as at 30 June 2015 is 10 million shares.

- 6.11** The minimum information that is to be disclosed in an announcement or circular in relation to a new issue of securities has been prescribed in Chapter 6 of the Main LR. Would a listed issuer be in compliance with the disclosure requirement if it were to merely comply with the minimum content of information prescribed in Chapter 6?

No, in addition to complying with the minimum content of information prescribed under the Main LR, a listed issuer must always also ensure compliance with the standard of disclosure prescribed under paragraphs 9.16 and 9.32 of the Main LR, as may be applicable.

- 6.12** *B Sdn Bhd* is a subsidiary company of *A Bhd*, a listed issuer. *B Sdn Bhd* intends to issue shares to its own director. This director is not a director or major shareholder of *A Bhd* or its holding company or a person connected with such director or shareholder. Must *A Bhd* obtain shareholder approval for this issuance of securities?

Subject to paragraph 8.21 of the Main LR, *A Bhd* need not obtain shareholder approval for the above issuance of securities under the Main LR. However, pursuant to paragraph 6.06(4) of the Main LR, the board of directors of *A Bhd* must approve the allotment/issuance to the director and ensure that it is fair and reasonable to the listed issuer, and is in its best interests. Further, *A Bhd* must make an announcement which contains the prescribed information under paragraph 6.06(4)(c) and since it is not an exempted transaction under paragraph 10.08(11)(a) of the Main LR, the announcement must also comply with paragraph 10.08(1) of the Main LR.

- 6.13** *A Bhd*, a listed issuer, is issuing shares to a director of its subsidiary, *C Sdn Bhd* for cash. The director is not a director or major shareholder of *A Bhd* or its holding company or a person connected with such director or shareholder. Must *A Bhd* obtain shareholder approval for the issuance of securities?

No, paragraph 6.06 of the Main LR does not impose any obligation on *A Bhd* in relation to such issuance of securities. Hence, shareholder approval is not required pursuant to paragraph 6.06. In addition, *A Bhd* need not comply with the requirements of Part E of Chapter 10 of the Main LR as this is an issuance of securities by the listed issuer for cash and hence, exempted under paragraph 10.08(11)(a) of the Main LR. However, please note that the general disclosure obligations under Chapter 9 of the Main LR may apply.

- 6.14** *D Sdn Bhd*, a subsidiary of *A Bhd*, a listed issuer. *D Sdn Bhd* intends to issue shares to a director of *A Bhd*. What are the obligations set out in paragraph 6.06 and Part E of Chapter 10 of the Main LR that *A Bhd* must comply with?

Pursuant to paragraph 6.06(1) of the Main LR, *A Bhd* must obtain shareholder approval for the proposed allotment/issuance. *A Bhd* must also comply with the requirements of Part E of Chapter 10 of the Main LR as this is not a transaction exempted under paragraph 10.08(11)(a) of the Main LR. As such, the announcement in relation to the issuance/allotment must include the information set out in Appendices 10A and 10C of Chapter 10 and the circulars to shareholders must include the information in Appendices 10B and 10D of Chapter 10.

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**Requirements relating to placement**

- 6.15 Under paragraph 6.14(2) of the Main LR, one of the requirements in a back-to-back placement is that the listed issuer must give Bursa Securities a declaration from its existing shareholders involved in the back-to-back placement arrangement, that they will not derive any financial benefit from such an arrangement, directly or indirectly. When must such declaration be given to Bursa Securities?

The declaration must be submitted to Bursa Securities as part of the supporting documents for its listing application for new issue of securities.

**Requirements relating to a rights issue**

- 6.16 What are the corporate exercises which will be processed under SPEEDS?

The following corporate exercise will be processed under SPEEDS:

- (a) Specified Bonus Issue<sup>1</sup>;
- (b) Specified Subdivision<sup>2</sup>;
- (c) Specified Consolidation<sup>3</sup>;
- (d) Crediting of shares from capital restructuring involving share cancellation and reduction in the number of shares held by each shareholder of a listed issuer; and
- (e) Crediting of rights entitlement ("**Rights**").

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<sup>1</sup> A "**Specified Bonus Issue**" is a bonus issue of securities which –

- (i) is not conditional upon any other corporate proposal, or
- (ii) is conditional upon another corporate proposal but –
  - (aa) that other corporate proposal is a subdivision or consolidation or shares; or
  - (bb) that other corporate proposal has been completed or become unconditional.

<sup>2</sup> A "**Specified Subdivision**" is a subdivision of shares which –

- (i) is not conditional upon any other corporate proposal, or
- (ii) is conditional upon another corporate proposal but –
  - (aa) that other corporate proposal is a bonus issue; or
  - (bb) that other corporate proposal has been completed or become unconditional.

<sup>3</sup> A "**Specified Consolidation**" is a consolidation of shares which –

- (i) is not conditional upon any other corporate proposal, or
- (ii) is conditional upon another corporate proposal but –
  - (aa) that other corporate proposal is a bonus issue; or
  - (bb) that other corporate proposal has been completed or become unconditional.

**6.17 How does a shareholder know whether a particular corporate exercise is processed under SPEEDS?**

Shareholders may refer to the issuer's announcement of the books closing date ("BCD") in relation to the corporate exercise. If a corporate exercise is processed under SPEEDS, the date of listing and quotation of the securities will be on the next market day after the BCD, and such date will be stated in the announcement.

**6.18 What is the timeline for the quotation of the rights for trading if the Rights are processed under SPEEDS?**

The timelines for the crediting of Rights processed under SPEEDS are set out in the table below.

Activities	Current Timeline for Rights Issue	SPEEDS timeline
Announcement of BCD	BCD - 10	BCD - 10
Books closing date	BCD	BCD
Trading of Rights Commence	BCD + 3	BCD + 1

**6.19 When will a listed issuer be required to announce the important relevant dates of a rights issue pursuant to paragraph 6.24 of the Main LR?**

A listed issuer is required to announce the important relevant dates concurrently with the announcement of the BCD for a rights issue. A listed issuer must make the announcement via Bursa Link by using the relevant templates for announcements of the BCD and important relevant dates i.e. the "Entitlements (Notice of Books Closure)" and "Important Relevant Dates for Renounceable Rights" templates respectively.

**6.20 What is the cut-off time for a listed issuer to submit to Bursa Securities a copy of the abridged prospectus ("AP") in respect of a rights issue pursuant to paragraph 6.25 of the Main LR?**

A listed issuer must submit to Bursa Securities a copy of the AP together with a soft copy in PDF file format before 3.00 p.m. at least 1 market day before the commencement of trading of Rights.

**6.21 Is the issuer required to submit any document to Bursa Depository before the BCD for the purpose of processing the Rights under SPEEDS?**

The issuer must submit an undertaking letter in the prescribed format to Bursa Depository on the announcement date of the BCD for the Rights to be processed under SPEEDS. The undertaking letter must include the following:

- (a) The current issued and paid up capital of the issuer;
- (b) Designated CDS account for the crediting of fractional shares/rights;
- (c) Options on the allotment of fractional rights; and
- (d) An undertaking that the new share certificates will be submitted to Bursa Depository on the BCD.

- 
- 6.22 If a shareholder maintains his shares in a few Central Depository System (“CDS”) accounts and the Rights are processed under SPEEDS, how will the Rights arising from the process under SPEEDS be calculated and credited into the shareholder’s CDS accounts?**

All Rights will be calculated separately based on the shareholder’s shareholdings in the respective CDS accounts. The Rights will be credited into the respective CDS accounts. Notice of Provisional Allotment Letter with details of the transaction for each CDS account will be issued to the shareholder.

- 6.23 When is the share registrar required to submit the Provisional Allotment Letter (“PAL”) to Bursa Depository for the Rights to be processed under SPEEDS?**

For share registrars located within Klang Valley, the PAL must reach Bursa Depository by 5.30 p.m. on the BCD and in respect of outstation share registrars, the new certificates and PAL must be faxed to Bursa Depository by 5.30 p.m. on the BCD before being delivered to Bursa Depository.

- 6.24 How does a shareholder get a copy of the Rights Subscription Form if he has not received his Rights Subscription Form posted by the listed issuer?**

A shareholder can get a copy of the Rights Subscription Form from the share registrar. He can also download the Rights Subscription Form from [www.bursamalaysia.com](http://www.bursamalaysia.com) on the BCD of the rights issue onwards.

- 6.25 If a shareholder does not receive his Notice of Provisional Allotment Letter and Rights Subscription Form, who can he refer to?**

The shareholder can contact the respective share registrar handling the Rights issue exercise.

- 6.26 Under the SPEEDS processing, when will the share registrar receive the file containing the details on the crediting of the Rights (“SPEEDS entitlement file”) from Bursa Depository for the purpose of despatching the Notice of Provisional Allotment Letter and Rights Subscription Form?**

The SPEEDS entitlement file will be made available to the relevant share registrar on the morning of the listing date (BCD+1). After processing based on the SPEEDS entitlement file, the share registrar will print and despatch the Notice of Provisional Allotment Letter and Rights Subscription Form together with the prospectus not later than 2 market days after the BCD of the rights issue.

- 6.27 Can a shareholder sell his Rights even though he has not received the Notice of Provisional Allotment Letter and Rights Subscription Form?**

The Rights will be credited into shareholders CDS accounts before the commencement of the trading of Rights on BCD+1. Shareholders may sell their Rights from BCD+1 without having to wait for the Notice of Provisional Allotment Letter and Rights Subscription Form.

**6.28 Is there any fee imposed by Bursa Depository for the processing of shares from the crediting of Rights under SPEEDS and if so, how much is the fee?**

Bursa Depository will impose on the issuer a processing fee of RM0.50 per account processed under SPEEDS. The processing fee is inclusive of the fee for the Record of Depositors (“**ROD**”). The fee of RM2.20 for the crediting of shares per account allotted remains the same.

**Requirements in relation to bonus issue**

**6.29 What are the circumstances where the listed issuer, or the external auditors/reporting accountants, is required to provide confirmations that the available reserves for capitalization are adequate to cover the entire bonus issue under paragraph 6.30(3)<sup>4</sup> of the Main LR and paragraph 1(dA) in Part B, Annexure PN28-B<sup>5</sup> of Practice Note 28?**

The following table clarifies the obligations of the listed issuer and the external auditors/reporting accountants in providing the relevant confirmations required for purposes of complying with paragraph 6.30(3) of the Main LR and paragraph 1(dA) in Part B, Annexure PN28-B of Practice Note 28:

	SCENARIO	FINANCIAL STATEMENTS RELIED UPON			OBLIGATIONS	
		Latest audited financial statements	Latest audited financial statements adjusted for subsequent events	Latest unaudited financial statements	Must the listed issuer confirm the adequacy of reserves for capitalization?	Must the reserves for capitalization be verified and confirmed by the external auditors (or reporting accountants) and the report be submitted to Bursa Securities?
Are the available reserves for capitalization adequate?	Scenario 1	Yes	N/A	Yes	Yes	No

<sup>4</sup> Paragraph 6.30(3) stipulates that a listed issuer must ensure that the available reserves for capitalisation are adequate to cover the entire bonus issue of securities. If the reserves for capitalisation are not based on the annual audited financial statements of the listed issuer such reserves must be verified and confirmed by the external auditors or reporting accountants of the listed issuer. Where a confirmation by the external auditors or reporting accountants is required, the reserves for capitalisation, which may be adjusted for subsequent events, must be based on the latest audited financial statements or the latest quarterly report, whichever is the later.

<sup>5</sup> Paragraph 1(dA) of Part B, Annexure PN28-B provides that a listed issuer must file the following documents in support of the listing application for a bonus issue:

- (a) confirmation from the listed issuer on the adequacy of the reserves for capitalization; and
- (b) where the confirmation from the external auditors or reporting accountants is required, the report from the external auditors or reporting accountants.



	SCENARIO	FINANCIAL STATEMENTS RELIED UPON			OBLIGATIONS	
		Latest audited financial statements	Latest audited financial statements adjusted for subsequent events	Latest unaudited financial statements	Must the listed issuer confirm the adequacy of reserves for capitalization?	Must the reserves for capitalization be verified and confirmed by the external auditors (or reporting accountants) and the report be submitted to Bursa Securities?
Are the available reserves for capitalization adequate?	Scenario 2	Yes	N/A	No	Cannot undertake bonus issue	N/A
	Scenario 3	No	Yes	N/A (Latest quarterly financial statements subsequent to the audited financial statements is not due for release)	Yes	Yes
	Scenario 4	No	N/A	Yes	Yes	Yes

**6.30 In circumstances where the reserves for capitalization are based on the latest unaudited financial statements and such reserves must be verified and confirmed by the external auditors or reporting accountants, what is the required scope of the such audit verification or confirmation?**

The audit verification or confirmation must be made in accordance with the approved auditing standards applied in Malaysia for review of interim financial statements.

In relation to a foreign issuer with primary listing on Bursa Securities, the audit verification or confirmation may also be made in accordance with the International Standards on Auditing.

- 6.31 Paragraph 6.31 of the Main LR requires a listed issuer which makes a bonus issue by way of capitalization of reserves arising from revaluation of real estate to submit 2 copies of the valuation report on the real estate to Bursa Securities immediately after the listed issuer announces the bonus issue or as soon as the valuation report is ready. Must the listed issuer submit the valuation report to the SC as well?**

No, a valuation report required under paragraph 6.31 of the Main LR must be submitted to Bursa Securities only. A listed issuer need not submit the report to the SC.

- 6.32 Must a valuer who is required to submit an undertaking to Bursa Securities under paragraph 6.31 of the Main LR, file an undertaking each time it acts for a listed issuer?**

No, a valuer is only required to provide Bursa Securities its letter of undertaking to comply with the Main LR once. The same undertaking will be applicable for all listed issuers which the valuer acts for.

- 6.33 *C Bhd*, a listed issuer is undertaking a bonus issue by capitalising its reserves arising from the revaluation of real estate. The valuation figure of the real estate is RM100 million. Pursuant to paragraph 6.31(4) of the Main LR, Bursa Securities obtains a second opinion valuation, by which the real estate is valued at RM80 million. *C Bhd* is required to retain at least 20% of the valuation amount of the real estate in the revaluation reserves after undertaking the bonus issue in accordance with the provisions of the Main LR. How much should *C Bhd* retain?**

*C Bhd* should retain at least RM16 million in the revaluation reserves after taking into account/undertaking the bonus issue (i.e. based on the lower of the 2 valuation figures). The 20% is computed based on the valuation amount for the real estate set out in the valuation report. Where a second opinion valuation is required, the 20% would be based on the lower of the 2 valuation figures.

- 6.34 *ABC Bhd* is considering a proposal to undertake a bonus issue. Based on its latest consolidated audited accounts, *ABC Bhd* has share premium of RM100 million and revaluation reserves of RM60 million. *ABC Bhd* however has accumulated losses of RM180 million. Can *ABC Bhd* undertake a bonus issue?**

No, *ABC Bhd* cannot undertake a bonus issue as its accumulated losses (RM180 million) exceed the necessary reserves required for capitalisation of bonus issues (i.e. RM100 million + RM60 million = RM160 million).

- 6.35 *XYZ Bhd* is considering a proposal to undertake a bonus issue. Based on its latest consolidated audited accounts, *XYZ Bhd* has share premium of RM200 million and revaluation reserves of RM250 million (assuming that the surplus does not arise from revaluation of real estates). *XYZ Bhd* has accumulated losses of RM150 million. Can *XYZ Bhd* undertake a bonus issue?**

Yes, *XYZ Bhd* can undertake a bonus issue provided that the amount to be capitalised for the bonus issue does not exceed RM300 million.

**Requirements relating to a Share Issuance Scheme****6.36 With paragraph 6.41(d) of the Main LR, who can confirm adjustments (other than on a bonus issue) under a Share Issuance Scheme?**

Pursuant to paragraph 6.41(d) of the Main LR, either the listed issuer's external auditor or Principal Adviser may confirm adjustments (other than on a bonus issue) under a Share Issuance Scheme. However, this is subject to the provisions contained in the listed issuer's bylaws of the Share Issuance Scheme.

**6.37 Pursuant to paragraph 6.38(1) of the Main LR, the total number of shares to be issued under a Share Issuance Scheme must not exceed 15% of the issued and paid-up capital at any one time. How is this percentage calculated?**

Where a listed issuer has issued a percentage out of the 15% allowed under paragraph 6.38(1) of the Main LR, for the following issue, the listed issuer would need to deduct from the total issued and paid-up capital, the number of shares already issued and paid for under the Share Issuance Scheme. The result from the deduction would be the new basis for calculating the percentage allowed for the scheme.

Illustration:

*PLC A* procured shareholder approval to implement a 5-year Share Issuance Scheme of up to 15% of its issued and paid up capital on 8 January 2009. *PLC A* has an issued and paid-up capital of RM100 million but arising from a rights issue implemented on 28 February 2009, the enlarged issued and paid-up capital is now RM120 million. In addition, arising from the exercise of all the options offered by *PLC A* pursuant to the Share Issuance Scheme, as at December 2010, new shares were issued amounting to RM10 million. Pursuant to paragraph 6.38 of the Main LR, what is the number of shares under the Share Issuance Scheme that can be offered by *PLC A* to its employees in year 2011?

Based on this example, the computation of the shares under the Share Issuance Scheme that may be offered by *PLC A* is as follow:

	Issued and Paid-Up Capital
8 January 2009	RM100 million
February 2009 (Issuance of new shares arising from rights issue – RM20 million)	RM120 million
December 2010 (Total issuance of shares under the Share Issuance Scheme – RM10 million)	RM130 million

Shares under the Share Issuance Scheme that can be offered by *PLC A* in year 2011:

= (15% x RM130 million) LESS shares already issued under the Share Issuance Scheme (i.e. RM10 million)

= 9.5 million new shares

**6.38 Can a listed issuer establish more than 1 Share Issuance Scheme at any point in time?**

Yes, a listed issuer may establish more than 1 Share Issuance Scheme provided that the aggregate number of shares available under all the Share Issuance Schemes does not exceed 15% of its issued and paid-up capital (excluding treasury shares).

***Share Issuance Scheme by subsidiary*****6.39 Is a Share Issuance Scheme undertaken by a subsidiary of a listed issuer subject to the approval of the listed issuer's shareholders?**

Generally, any Share Issuance Scheme implemented by a subsidiary of a listed issuer is no longer subjected to the approval of the listed issuer's shareholders under paragraph 6.44 of the Main LR. The Share Issuance Scheme implemented by the subsidiary will only require the approval of the listed issuer's shareholders if such Share Issuance Scheme is –

- (a) undertaken by a principal subsidiary<sup>6</sup> and results in, or could potentially result in, a dilution amounting to 25% or more of the listed issuer's equity interest in the principal subsidiary under paragraph 8.21 of the Main LR; or
- (b) very material and triggers the percentage ratio of 25% or more under paragraph 10.07 of the Main LR where it will be considered as a "disposal of asset" by the listed issuer, due to dilution of its equity interest in the subsidiary.

In determining whether the obligations under paragraphs 8.21 or 10.07 of the Main LR are triggered, the listed issuer must compute the relevant thresholds prior to implementation of the Share Issuance Scheme of the subsidiary based on the assumption that the Share Issuance Scheme is implemented in full.

***Dividend Reinvestment Scheme*****6.40 Will the shareholders having registered addresses outside Malaysia be entitled to participate in the Dividend Reinvestment Scheme?**

In addition to the requirements in Chapter 6 of the Main LR, a listed issuer which intends to issue shares pursuant to a Dividend Reinvestment Scheme must also comply with the relevant provisions of law governing such issuance.

Hence, the listed issuer must ensure that there is no prohibition under the relevant laws in determining whether shareholders having registered addresses outside Malaysia are entitled to participate in the Dividend Reinvestment Scheme.

<sup>6</sup> A "principal subsidiary" is defined in paragraph 1.01 of the Main LR as a subsidiary which accounts for 25% or more of the profit after tax or total assets employed of the listed issuer based on the latest published or announced audited financial statements of the listed issuer or audited consolidated financial statements of the listed issuer, as the case may be.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MAIN MARKET  
(As at 3 January 2012)**

**CHAPTER 7 – ARTICLES OF ASSOCIATION**

***General***

- 7.1 Must a company<sup>1</sup> incorporate all provisions from Chapter 7 of the Main LR into its articles of association, even if some of the provisions are not applicable? An example of such provision is where the company has not reserved any right to issue preference shares under its articles of association. In that situation, does it still have to incorporate provisions such as paragraphs 7.05 and 7.06 of the Main LR?**

No. If a provision is not applicable to a company, it need not incorporate it into its articles of association. However, it must notify Bursa Securities of such provisions that it has not incorporated.

- 7.2 If a company undertakes amendments to its articles of association, is there a requirement for the company to submit a letter of compliance and checklist of compliance similar to the requirement of paragraph 3.07 of the Main LR?**

Pursuant to paragraphs 2.11 and 2.12 of the Main LR, any amendments made to the articles of association by listed issuers must be submitted to Bursa Securities no later than 5 market days after the effective date of the amendment together with a letter of compliance. In relation to a checklist of compliance for such amendment, there is no requirement for submission of the same unless Bursa Securities requests for it.

***Enhancements to proxy requirements***

- 7.3 Under paragraph 7.21 of the Main LR, where a member of a listed issuer is an exempt authorised nominee, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. Who is an “exempt authorised nominee” for purposes of paragraph 7.21 of the Main LR?**

Under the Rules of Bursa Depository, an authorised nominee is defined as a person who is authorised to act as a nominee in accordance with the schedule prescribed under Part VIII of the Rules. This means that such person can hold securities on behalf of another person. On the other hand, an exempt authorised nominee is an authorised nominee who may hold deposited securities for more than one beneficial owner in respect of each securities account it holds, or commonly known as the omnibus account.

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<sup>1</sup> For the purpose of this Questions & Answers for Chapter 7 of the Main LR, unless the context otherwise requires, references to “**company**” means a company which is seeking a listing on the Official List or a listed corporation.

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**7.4 Are individual members or authorised nominees of a listed issuer allowed to have unlimited number of proxies pursuant paragraph 7.21 of the Main LR?**

No, only an exempt authorised nominee holding omnibus accounts is allowed to appoint unlimited number of proxies pursuant to paragraph 7.21 of the Main LR. The number of proxies which may be appointed by individual members and authorised nominees is not regulated under the Main LR. The listed issuer is free to determine this through its articles of association.

***Effect of the Main LR***

**7.5 In the event a company has incorporated the deeming provision under paragraph 7.36(4) of the Main LR in its articles of association, is the company still required to amend its articles of association if there are amendments made to Chapter 7 of the Main LR which are not already in its articles of association?**

Yes, a company is still required to amend its articles of association in accordance with the relevant amendments of Chapter 7 of the Main LR. This is to ensure that shareholders have access to articles of association which are updated and comprehensive.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 1 July 2016)**

**CHAPTER 8 – CONTINUING LISTING OBLIGATIONS**

***Shareholding spread***

- 8.1 Pursuant to paragraph 8.02(1) of the Main LR, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of the public shareholders. Do these public shareholders need to hold at least 1 board lot, i.e. 100 shares each?**

No, there is no minimum number of shares that need to be held by these public shareholders.

- 8.2 On 5 August 2009, *D Bhd*'s public shareholding spread is 18% of its total listed shares (excluding treasury shares).**

- (a) What are *D Bhd*'s key obligations under the Main LR in relation to this non-compliance?**

*D Bhd* must take immediate steps to comply with the public shareholding spread requirement.

Pursuant to paragraph 8.02(3) of the Main LR, *D Bhd* must immediately announce to Bursa Securities that it does not comply with the required shareholding spread prescribed under paragraph 8.02(1). *D Bhd* must include the information set out in paragraph 3.2 of Practice Note 19 in its announcement. After that, *D Bhd* must announce the status of its efforts to comply with the public shareholding spread requirement for each quarter of its financial year in accordance with paragraphs 3.3 and 3.4 of Practice Note 19.

If *D Bhd* requires an extension of time to rectify its situation, it must request for an extension under paragraph 8.02(4) of the Main LR. However, even though an extension of time is granted, *D Bhd* must comply with the public shareholding spread requirement as soon as possible.

- (b) On 30 August 2009, *D Bhd*'s public shareholding spread is 9% of its total listed shares (excluding treasury shares). What is *D Bhd*'s additional obligation in regard to its public shareholding spread of 9%?**

In addition to the disclosure obligations under Question (a) above, *D Bhd* must immediately announce to Bursa Securities the information set out in paragraph 5.4 of Practice Note 19.

Chapter 8 Continuing Listing Obligations  
[Questions & Answers]**(c) When will the trading of securities of *D Bhd* be suspended after its announcement in Question (b) above?**

Pursuant to paragraph 16.06(2)(a) of the Main LR, Bursa Securities shall suspend trading of securities of *D Bhd* upon expiry of 30 market days from the date of *D Bhd*'s announcement. However, if the public shareholding spread of *D Bhd* increases to above 10% before the expected date of suspension, *D Bhd* should immediately inform Bursa Securities of its improvement in its public spread and seek its confirmation on whether the suspension will still be imposed.

In addition, where appropriate, Bursa Securities may also take such enforcement action as it deems fit against *D Bhd* pursuant to paragraph 16.19 of the Main LR.

**8.3 On 5 August 2009, pursuant to a take-over offer, *Company P* holds 76% of the listed shares (excluding treasury shares) of *Y Bhd*, a listed issuer. If *Company P*'s intention is to maintain *Y Bhd*'s listing status, what are *Y Bhd*'s key obligations in regard to its non-compliance with the public shareholding spread requirement prescribed under paragraph 8.02(1) of the Main LR?**

*Y Bhd* must take immediate steps to comply with the public shareholding spread requirement.

Pursuant to paragraph 8.02(3) of the Main LR, *Y Bhd* must announce that it does not comply with the required shareholding spread prescribed in paragraph 8.02(1) of the Main LR. *Y Bhd* must include the information set out in paragraph 3.2 of Practice Note 19 in its announcement.

*Y Bhd* must announce the status of its efforts to comply with the public shareholding spread requirement for each quarter of its financial year in accordance with paragraphs 3.3 and 3.4 of Practice Note 19.

If *Y Bhd* requires an extension of time to rectify its situation, it must request for an extension under paragraph 8.02(4) of the Main LR. However, even though an extension of time is granted, *Y Bhd* must comply with the public shareholding spread requirement as soon as possible.

**8.4 On 19 August 2009, pursuant to a take-over offer, *Company X* holds 91% of the listed shares (excluding treasury shares) of *Z Bhd*, a listed issuer.**

**If *Company X*'s intention is not to maintain *Z Bhd*'s listing status, what must *Z Bhd* do?**

Pursuant to paragraph 9.19(48) of the Main LR, *Z Bhd* must announce that 90% or more of its shares are being held by *Company X*. *Z Bhd* must include the information set out in Part J of Appendix 9A in the announcement.

After that, *Z Bhd* may withdraw its listing from the Official List of Bursa Securities under paragraph 16.07 of the Main LR. In requesting to withdraw its listing, *Z Bhd* need not comply with the requirements under paragraph 16.06 of the Main LR including the requirement to obtain shareholder approval.



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**Cash Companies**

- 8.5 If a listed issuer's assets on a consolidated basis, consist of 70% or more of cash or short term investments, or a combination of both ("Cash Criterion"), is the listed issuer automatically considered a "Cash Company"?**

No, it is not. The listed issuer must notify Bursa Securities immediately of the fact and Bursa Securities will determine as to whether the listed issuer should be considered a "Cash Company". Bursa Securities will notify the listed issuer of its determination.

- 8.6 What are the "short-dated securities" referred to in paragraph 8.03(4) of the Main LR?**

"Short-dated securities" include money market instruments, structured deposits, debt securities, or any other type of deposit or products which are short term in nature (i.e. less than 12 months) offered by financial institutions.

- 8.7 A Bhd has disposed of its core business resulting in it triggering the Cash Criterion. Before it is classified as a Cash Company, A Bhd has existing investments in short-dated securities with institutions other than financial institutions licensed by Bank Negara Malaysia ("BNM"). How does A Bhd comply with paragraph 8.03(4) of the Main LR?**

Upon triggering the Cash Criterion, these short-dated securities must be placed with a custodian. When these short-dated securities mature or are converted into cash, A Bhd must immediately place the funds with an account opened with financial institutions licensed by BNM, and operated by the custodian.

- 8.8 In year 2010, X Bhd disposes of its core business relating to printing and has been classified as a Cash Company by Bursa Securities. X Bhd intends to expand its other existing business, which is cartridge manufacturing. Can X Bhd regularise its condition by developing this cartridge manufacturing as its new core business?**

No, a regularisation proposal under paragraph 8.03 of the Main LR must involve an acquisition of a new core business and not by developing the Cash Company's existing business.

- 8.9 Once a Cash Company submits its proposal to acquire a new core business to the SC for approval within 12 months from the date it is considered as a Cash Company by Bursa Securities, is there any timeframe for the Cash Company to procure the SC's approval?**

No, the Main LR does not prescribe the timeframe by which a Cash Company must procure the SC's approval for the proposal. However, a Cash Company is expected to take all reasonable steps to procure the SC's approval expeditiously. Since the Cash Company has submitted its proposal to the SC for approval, Bursa Securities will await the outcome of the Cash Company's application to the SC.

- 8.10 Is a Cash Company required to disclose its failure to comply with any obligation imposed pursuant to paragraph 8.03(5)(a) of the Main LR?**

Yes, the Cash Company must announce its failure to comply with a particular obligation imposed pursuant to Practice Note 16 and ensure that the announcement complies with paragraph 9.16 of the Main LR with regard to the contents of the announcement. In addition, the Cash Company must also include the consequences of such failure in its announcement.

Chapter 8 Continuing Listing Obligations  
[Questions & Answers]**8.11 Can a Cash Company include the announcement on the status of its proposal as required under paragraph 2.1(b) of Practice Note 16 (“status report”) in its quarterly report?**

No, the quarterly announcement of the status report must be made separately.

**8.12 *X Bhd* has been classified as a Cash Company by Bursa Securities. Pursuant to paragraph 8.03(5)(a)(i) of the Main LR, *X Bhd* submits a proposal to acquire a new core business to the SC for approval. While *X Bhd* is awaiting SC’s approval, it has ceased to trigger the Cash Criterion. Can *X Bhd* apply to Bursa Securities for it to be no longer considered a Cash Company?**

No, pursuant to paragraph 8.03(8) of the Main LR, *X Bhd* **must** complete the implementation of the proposal before it can apply to Bursa Securities for it to be no longer considered a Cash Company. So, even though *X Bhd* has ceased to trigger the Cash Criterion, that would not entitle it to be no longer considered as a Cash Company until it has completed its proposal to regularise its condition.

***Listed issuers with inadequate level of operations*****8.13 Is there any difference in the obligations of an affected listed issuer<sup>1</sup> under the previous framework set out in Practice Note 17 and the new framework in paragraph 8.03A of the Main LR?**

Under the new framework in paragraph 8.03A of the Main LR, generally the obligations of the affected listed issuer remain the same as that of a PN17 Issuer including the requirement to submit and implement a regularisation plan within the prescribed timeframe. However, taking into consideration that there are differences between these listed issuers (an affected listed issuer vis-a-vis a PN17 Issuer), under the new framework -

- (a) an affected listed issuer will not be tagged or classified as a “PN17” Issuer;
- (b) if the affected listed issuer fails to regularise its condition, the Exchange has the discretion to suspend and delist its securities, whilst in the case of a PN17 Issuer, the suspension and delisting is automatic; and
- (c) there is an express provision in paragraph 8.03A for the affected listed issuer to apply not to undertake any regularisation plan if it is able to demonstrate to Bursa Securities’ satisfaction that its remaining business is viable, sustainable and has growth prospects with appropriate justifications, and its level of operations remains suitable for continued listing.

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<sup>1</sup> As stipulated in paragraph 8.03A(3) of the Main LR, an affected listed issuer refers to a listed issuer which has triggered the criteria of inadequate level of operations under paragraph 8.03(2) of the Main LR namely that the listed issuer has –

- (a) suspended or ceased all of its business or its major business; or
- (b) suspended or ceased its entire or major operations; or
- (c) an insignificant business or operations.

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**8.14 Which regularization obligation must a listed issuer comply with in the following scenarios:****Scenario 1**

The listed issuer first triggers the criteria for inadequate level of operations set out in paragraph 8.03A of the Main LR and subsequently triggers the Prescribed Criteria set out in Practice Note 17.

**Scenario 2**

The listed issuer first triggers the criteria for inadequate level of operations set out in paragraph 8.03A of the Main LR and subsequently triggers the Cash Criterion in paragraph 8.03 of the Main LR.

The general principle is that the listed issuer must comply with the stricter obligations.

Hence in Scenario 1, the listed issuer must comply with the obligations imposed on a PN17 Issuer under paragraph 8.04 and Practice Note 17 of the Main LR.

In Scenario 2, the listed issuer must comply with the obligations imposed on a Cash Company under paragraph 8.03 and Practice Note 16 of the Main LR.

In both the Scenarios, the timeframe for the listed issuer to regularize its condition commences 12 months from the date the listed issuer announces that it triggers the criteria for inadequate level of operations under paragraph 8.03A of the Main LR.

***PN17 Issuers*****8.15 When must a listed issuer assess whether it is a PN17 Issuer?**

All listed issuers must on a continuing basis undertake a self assessment of their financial condition and level of operations. At any given time if a listed issuer finds that it triggers any one or more of the criteria prescribed in paragraphs 2.1 or 2.1A of Practice Note 17 (“**Prescribed Criteria**”), the listed issuer must comply with the requirements of paragraph 8.04 of the Main LR and Practice Note 17.

**8.16 *X Bhd* is a PN17 Issuer. Pursuant to paragraph 8.04(3)(a)(i)(bb) of the Main LR, *X Bhd* submits a plan to regularise its conditions to Bursa Securities for approval. While *X Bhd* is awaiting Bursa Securities’ approval, it has ceased to trigger the Prescribed Criteria. Can *X Bhd* apply to Bursa Securities for it to be no longer considered a PN17 Issuer?**

No, pursuant to paragraph 8.04(8) of the Main LR, *X Bhd* **must** complete the implementation of the plan to regularise its condition before it can apply to Bursa Securities for it to be no longer considered a PN17 Issuer. So, even though *X Bhd* has ceased to trigger the Prescribed Criteria, that would not entitle it to be no longer considered as a PN17 Issuer until it has completed its plan to regularise its condition.

Chapter 8 Continuing Listing Obligations  
[Questions & Answers]

- 8.17 Which type of accounts can be used by a listed issuer in order to make a determination of “shareholders’ equity”, “total assets employed”, “major” and “insignificant business or operations” under the Prescribed Criteria?**

The determination of “shareholders’ equity”, “total assets employed”, “major” and “insignificant business or operations” under the Prescribed Criteria must be based on either the audited or unaudited accounts, which includes the management accounts of the listed issuer.

- 8.18 Paragraph 2.2(a) of Practice Note 17 provides that “shareholders’ equity” refers to the equity attributable to equity holders of the listed issuer. Is minority interest included in determining “shareholders’ equity”?**

No, shareholders’ equity excludes minority interest.

- 8.19 Paragraph 2.1(c) of Practice Note 17 sets out a criterion of a winding up of the listed issuer’s subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis (“Criterion 2.1(c”).**

- (a) If a winding-up order has been made against such subsidiary or associated company of a listed issuer but the winding-up order is either stayed or under appeal, will the listed issuer still be classified as a PN17 Issuer?**

Yes, a stay order only has the effect of suspending the operation of the winding-up order. It does not change the fact that Criterion 2.1(c) has been triggered. Thus the classification as a PN17 Issuer will take effect. Similarly, if the winding-up order is pending appeal, the listed issuer will nonetheless be classified as a PN17 Issuer, pending the outcome of the appeal.

- (b) Will a winding-up order against a listed issuer, instead of such subsidiary or associated company of a listed issuer, trigger Criterion 2.1(c)?**

No. However, pursuant to paragraph 16.11(2)(d) of the Main LR, Bursa Securities shall de-list a listed issuer where a winding up order has been made against the listed issuer itself.

- 8.20 The auditors of XYZ Bhd express an emphasis of matter on XYZ Bhd’s ability to continue as a going concern in its latest audited financial statements for the financial year ended 30 June 2009 (“Financial Statement”). XYZ Bhd’s shareholders’ equity on a consolidated basis based on the Financial Statement was 60% of its issued and paid up capital (excluding treasury shares).**

**However, XYZ Bhd’s subsequent quarterly results for the period ended 30 September 2009 (“quarterly results”) shows that its shareholders’ equity has reduced to 35% of its issued and paid up capital (excluding treasury shares).**

**Will XYZ Bhd trigger the Prescribed Criteria upon the release of its quarterly results?**

Yes, since XYZ Bhd’s auditors have expressed an emphasis of matter on its ability to continue as a going concern in its latest Financial Statement and based on XYZ Bhd’s latest available results which is the quarterly results, its shareholders’ equity is less than 50% of its issued and paid up capital (excluding treasury shares), XYZ Bhd will trigger the Prescribed Criteria pursuant to paragraph 2.1(e) of Practice Note 17. In this event, XYZ Bhd must immediately make the First

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Announcement under paragraph 4.1(a) of Practice Note 17 upon the release of its quarterly results.

**8.21 Are the obligations of a PN17 Issuer whose securities have been suspended from trading different from the obligations of a PN17 Issuer whose securities have not been suspended from trading?**

No, the obligations are the same irrespective of whether the securities of the PN17 Issuer have been suspended or not from trading.

**8.22 On 3 February 2010, *X Bhd* triggers the Cash Criterion and announces that it is a Cash Company. On 2 June 2010, *X Bhd* also triggers one of the Prescribed Criteria and announces that it is a PN17 Issuer.**

**(a) Must *X Bhd* comply with the regularisation obligations set out in paragraph 8.03 (as a Cash Company) or 8.04 (as a PN17 Issuer) of the Main LR?**

*X Bhd* must comply with the stricter obligations i.e. those imposed on a Cash Company under paragraph 8.03 and Practice Note 16 of the Main LR. Among others, the listed issuer must place at least 90% of its cash and short-dated securities in an account opened with a financial institution licensed by Bank Negara Malaysia and operated by a custodian.

**(b) What is the applicable timeframe for *X Bhd* to submit its proposal to regularise its condition as a Cash Company and PN17 Issuer?**

*X Bhd* must regularise its condition by submitting a proposal to SC within 12 months from the date *X Bhd* announces that it is a Cash Company, i.e. by 2 February 2011.

**(c) Must *X Bhd* regularise its condition by undertaking a regularisation proposal/plan under paragraph 8.03(5)(a) or that under paragraph 8.04(3)(a)(i) of the Main LR?**

*X Bhd* must undertake a regularisation proposal under paragraph 8.03(5)(a) of the Main LR. This proposal must be able to regularise *X Bhd's* condition as a Cash Company and PN17 Issuer. In this regard, the proposal must be one to acquire a new core business as required under paragraph 8.03(5)(a)(i) of the Main LR, and which will also fulfill the conditions set out in paragraphs 5.4 and 5.5 of Practice Note 17.

**8.23 What are the measures that will be taken by Bursa Securities to assist investors in identifying listed issuers which are PN17 Issuers?**

The full list of PN17 Issuers and announcements relating to them are available on Bursa Malaysia's website. Hence, investors may access Bursa Malaysia's website to be kept informed and updated on the status of the financial condition of the PN17 Issuers.

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**Compliance with enhanced regularisation plan requirements**

**8.24** *X Bhd* triggers the Prescribed Criteria under Practice Note 17 on 29 December 2014 but has not submitted its regularisation plan to Bursa Securities. Is *X Bhd* required to comply with the enhanced requirements on regularisation plan in paragraphs 5.5, 5.6 and 5.7 of Practice Note 17 which takes effect on 27 January 2015?

*X Bhd* must comply with the enhance requirements on regularisation plan in paragraphs 5.5, 5.6 and 5.7 of Practice Note 17 if it submits its regularisation plan to Bursa Securities on or after 27 January 2015.

**8.24A** *Y Bhd* is a PN17 Issuer which intends to undertake a regularisation plan which will not result in a significant change in its business direction or policy. In the regularisation plan submitted to Bursa Securities, *Y Bhd* has included information relating to its financial forecast. What are the specific requirements under the Main LR that *Y Bhd* must comply with in relation to the disclosure of financial forecast in the regularisation plan?

*Y Bhd* and its Principal Adviser must ensure that the preparation and disclosure of the financial forecast in the regularisation plan complies with Chapters 12 and 13 in Part I, Division 1 of the SC's Prospectus Guidelines in relation to future financial information ("**SC FFI Standards**") as required under paragraph 2.19A of the Main LR. *Y Bhd* must also ensure that its reporting accountant reviews and reports on the underlying accounting policies and assumptions relied on in the preparation of the financial forecast in accordance with the SC FFI Standards.

In addition to the above, *Y Bhd* must, amongst others, ensure that -

- the contents of the regularisation plan submitted to Bursa Securities comply with the requirements as set out in paragraph 2.18 of the Main LR; and
- the draft circular submitted to Bursa Securities together with the regularisation plan complies with the standard of disclosure for circulars as prescribed under paragraph 9.32 of the Main LR.

**PN17 Business Trust**

**8.25** *ABC Trust* is a PN17 Business Trust. As part of its proposal to regularize its condition, *ABC Trust* proposes to do the following:

(a) **Scenario 1**

*ABC Trust* proposes to issue new securities via a rights issue as part of its regularization plan. Which regulator should *ABC Trust* submit its regularization plan to?

*ABC Trust* should submit its regularisation plan to Bursa Securities for approval pursuant to paragraph 8.04(3)(a)(i)(bb) of the Main LR as it involves only a rights issue.

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**(b) Scenario 2**

**ABC Trust proposes to undertake a proposal which results in a significant change in the business direction or policy of ABC Trust together with a rights issue as part of its regularisation plan. Which regulator should ABC Trust submit its regularisation plan to?**

ABC Trust should submit its regularisation plan to SC for approval pursuant to paragraph 8.04(3)(a)(i)(aa) of the Main LR. So long as the regularisation plan involves a proposal which requires the SC's approval, such regularisation plan must be submitted to the SC. Hence, in addition to the existing requirement for submission to the SC of a regularisation plan which will result in a significant change in the business direction or policy of the business trust, any regularisation plan which involves the new issue of units other than a rights issue, must also be submitted to the SC for approval.

- 8.26 Under paragraph 5.3 of Practice Note 17, a PN17 Business Trust must, among others, record either a net profit or positive operating cash flow in 2 consecutive quarterly results immediately after the completion of the implementation of the regularisation plan. If a PN17 Business Trust records positive cash flow but negative profits, would the PN17 Business Trust be considered as complying with this obligation to regularise its condition?**

Yes. So long as any one of the requirement is fulfilled (whether it records a net profit or positive operating cash flow), the PN17 Business Trust is deemed to have complied with the requirement.

**Material variation**

- 8.27 Paragraph 8.22 of the Main LR requires the listed issuer to issue a circular to its shareholders and seek its shareholder approval for any material amendment, modification or variation to a proposal which has been previously approved by shareholders in general meeting. When is an amendment, modification or variation considered as "material"?**

Pursuant to paragraph 8.22(2) of the Main LR, an amendment, modification or variation is considered material if it can be reasonably expected to have a material effect on the decision of a holder of securities of the listed issuer in relation to such proposal.

- 8.28 Pursuant to paragraph 8.22(3) of the Main LR, an amendment, modification or variation to a proposal which has been approved by shareholders resulting from the direction or condition imposed by the relevant authorities does not require shareholder approval under paragraph 8.22(1) of the Main LR.**

**Company A obtains shareholder approval for its corporate proposal i.e. to purchase a 10% interest in Company B. Subsequently, before making a submission for approval to the relevant authority, Company A revises its proposed purchase to a 30% interest in Company B. Company A then submits the amended proposal to the relevant authority for approval. The amended proposal is approved by the relevant authority. Although the amendment is material, it is already approved by the relevant authority. Would Company A still need to obtain shareholder approval for the amendment?**

Yes, the material amendment to Company A's proposal would still require shareholder approval under paragraph 8.22(1) of the Main LR. Although the amended proposal may have been approved by the relevant authority, the amendment was not made pursuant to a direction or condition imposed by such authority.



Chapter 8 Continuing Listing Obligations  
[Questions & Answers]**8.29 Is paragraph 8.22 of the Main LR only applicable to proposals where Bursa Securities will conduct a full review of the circulars i.e. the Standard Circulars?**

No, the approved proposal referred to in paragraph 8.22 of the Main LR covers all proposals that require shareholder approval.

***Securities holders approval*****8.30 Where the Main LR specifies that a transaction requires the approval of shareholders, would ratification of the transaction by the shareholders be acceptable?**

No, a listed issuer must ensure that approval of shareholders, where required, is obtained before the completion of the transaction.

***Financial assistance*****8.31 Paragraph 8.23(1) of the Main LR stipulates that the requirements relating to the provision of financial assistance in the Main LR are applicable to a listed issuer and its subsidiaries which are not listed on any stock exchange. Does this mean that a subsidiary listed on a stock exchange outside Malaysia is not required to comply with paragraph 8.23 of the Main LR if such subsidiary provides financial assistance?**

Yes, the subsidiary listed on a stock exchange outside Malaysia is not subjected to the requirements under paragraph 8.23 of the Main LR. Instead, such subsidiary, in giving financial assistance, will be required to comply with its home exchange rules.

**8.32 What are the disclosure requirements of a listed issuer in respect of financial assistance provided by the listed issuer or its subsidiaries not listed on any stock exchange pursuant to paragraph 8.23(1)(ii) of the Main LR?**

Pursuant to paragraph 3.1 of Practice Note 11, the listed issuer must announce any financial assistance provided by such listed issuer or its subsidiaries not listed on any stock exchange pursuant to paragraph 8.23(1)(ii) of the Main LR for each quarter of its financial year, simultaneously with its quarterly results pursuant to paragraph 9.22 of the Main LR and in any event no later than 2 months after the end of each quarter of its financial year. In this respect, the listed issuer must ensure that the announcement includes such information as set out in Annexure PN11-A of Practice Note 11 and Appendix 8D (if applicable) of the Main LR.

**8.33 Will a listed issuer (other than a listed issuer whose activities are regulated by any written law relating to banking, finance companies or insurance and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as Bursa Securities deems appropriate) which lends money pursuant to a moneylending licence ("Moneylending") be exempted from compliance with paragraph 8.23 of the Main LR?**

No, a listed issuer which is involved in Moneylending is subject to and hence, must ensure compliance with paragraph 8.23 of the Main LR notwithstanding that it has a valid moneylending licence.



Chapter 8 Continuing Listing Obligations  
[Questions & Answers]**8.34 Will the Moneylending carried out by a listed issuer automatically fall within the ambit of paragraph 8.23(1)(ii) of the Main LR, as being those "necessary to facilitate the ordinary course of business of the listed issuer or its subsidiaries"?**

No, the listed issuer must ascertain whether the Moneylending is "necessary to facilitate the ordinary course of business of the listed issuer or its subsidiaries" in accordance with Practice Note 11.

**8.35 In the absence of a specific regulatory framework governing 'scheduled institutions' in the Financial Services Act 2013 which replaces the Banking and Financial Institutions Act 1989 ("BAFIA"), paragraph 8.23(4)(c) of the Main LR has been deleted, which previously exempted scheduled institutions which were registered and supervised by Bank Negara Malaysia under the BAFIA from complying with the requirements in paragraph 8.23. Does it mean that all corporations which were previously "scheduled institutions" under the BAFIA must now comply with paragraph 8.23 in full?**

Only corporations which were previously "scheduled institutions" and which are no longer subjected to Bank Negara Malaysia's regulation and supervision<sup>2</sup> must now adhere strictly to the requirements set out in paragraph 8.23 when providing financial assistance.

On the other hand, previous "scheduled institutions" such as the development finance institutions which are prescribed under the Development Financial Institutions Act 2002<sup>3</sup>, and therefore, still regulated and supervised by Bank Negara Malaysia will continue to enjoy the exemption from the provision on financial assistance under paragraph 8.23(4)(b) of the Main LR.

**8.36 A listed issuer grants a corporate guarantee to a third party for services rendered by the third party to the listed issuer's non-wholly owned subsidiary. Is the corporate guarantee subject to disclosure requirements under Practice Note 11?**

No, a corporate guarantee granted to a subsidiary by a listed issuer would not be subject to Practice Note 11 as it is provided pursuant to paragraph 8.23(1)(iii) of the Main LR and not paragraph 8.23(1)(ii). In the circumstances, the quarterly disclosure under paragraph 3.1 of Practice Note 11 is not applicable.

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<sup>2</sup> For example, corporations which carry out building credit business, factoring or leasing business or development finance institutions which are not prescribed under the Development Financial Institutions Act 2002.

<sup>3</sup> The existing prescribed development finance institutions are:

- (a) Bank Pembangunan Malaysia Berhad;
- (b) Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank);
- (c) Export-Import Bank of Malaysia Berhad (EXIM Bank);
- (d) Bank Kerjasama Rakyat Malaysia Berhad;
- (e) Bank Simpanan Nasional; and
- (f) Bank Pertanian Malaysia Berhad (Agrobank)

Chapter 8 Continuing Listing Obligations  
[Questions & Answers]**8.37 What is a moneylending company under paragraph 8.23 of the Main LR? Are corporate guarantees or loans granted to non-wholly owned subsidiaries and contractors regarded as moneylending under the Main LR?**

A moneylending company is defined under paragraph 8.23(2)(a)(ii) of the Main LR as a listed issuer or its subsidiary that lends or advances money in the ordinary course of business as a moneylender pursuant to the Moneylenders Act 1951. As such, provision of corporate guarantees or advances necessary to facilitate the ordinary course of business of the listed issuer or its subsidiary (i.e. for purposes of getting a contract or to enable a sub-contractor to commence work) would not be regarded as moneylending operations.

**8.38 Under paragraph 8.23(2)(c) of the Main LR, a listed issuer must procure its shareholders' prior approval for any provision of financial assistance to an associated company or joint arrangement where the aggregate amount provided compared to the net tangible assets of the group is 5% or more. In such circumstances, what is the prescribed content of the circular to be issued to the shareholders?**

The minimum content of a circular for purposes of seeking shareholder approval for provision of financial assistance which is not a related party transaction is not specifically prescribed under the Main LR. However, a listed issuer can seek guidance from the minimum content prescribed for circulars in relation to transactions as set out under Appendix 10B of the Main LR.

**8.39 Pursuant to paragraph 8.23(2)(a)(i) of the Main LR, where a listed issuer or any of its subsidiaries provides financial assistance, the board of directors must ensure, amongst others, that the provision of financial assistance is fair and reasonable to the listed issuer. What would be considered as "fair and reasonable"?**

What would be considered as "fair and reasonable" is subjective and varies from case to case. To ascertain the fairness and reasonableness of the financial assistance granted, the board of directors is required to make an assessment of the circumstances and terms of the provision of financial assistance including comparisons with market practices. For instance, if the proposal is for a one-off lump sum payment to be given to a sub-contractor for services rendered in the listed issuer's housing development project when the market practice is typically for advances to be given by way of instalments and subject to certification of staggered work done by the sub-contractor, the board of directors should scrutinise the proposal to see whether there are exceptional circumstances to justify that such an advance is nonetheless fair and reasonable.

**8.40 Pursuant to paragraph 8.23(2)(e) of the Main LR, a moneylending company must make quarterly disclosures of certain information as prescribed not later than 7 market days after the end of each quarter of a financial year ("Quarterly Disclosure"). A moneylending company does not lend or advance any money in a particular quarter. Does it still have to make the Quarterly Disclosure?**

In a situation where there is no new money lending activities in that particular quarter and no outstanding advances or loans from the previous quarters, then for subsequent Quarterly Disclosure, the listed issuer would only need to make a negative statement to that effect in its Quarterly Disclosure. If there are still outstanding advances or loans, the listed issuer is required to comply with paragraph 8.23(2)(e) of the Main LR.

**Chapter 8 Continuing Listing Obligations  
[Questions & Answers]****8.41 Can a listed issuer or any of its subsidiaries commence or continue to lend or advance monies to third party(ies) pursuant to its moneylending business?**

Pursuant to paragraph 8.23(1)(ii) of the Main LR, a listed issuer or any of its subsidiaries can provide such financial assistance where it is made pursuant to or where it is necessary to facilitate the ordinary course of business of the listed issuer or its subsidiaries. As such, loans/advances made to a third party by the listed issuer or any of its subsidiaries in the ordinary course of its moneylending business is permitted. However, unless the listed issuer or its wholly owned subsidiary is exempted under paragraph 8.23(4), the conditions set out in paragraph 8.23 of the Main LR must be satisfied and in particular, paragraph 8.23(2). In this respect, the board of directors of the listed issuer would have to oversee the moneylending operations and the management of credit risk of the moneylending company including ensuring adequate policies and procedures are in place in relation to the matters set out in paragraph 8.23(2)(a)(ii)(aa)-(dd).

In addition to this, the listed issuer will have to make the relevant quarterly announcements for each of the moneylending company not later than 7 market days after the end of each quarter of the financial year as prescribed under paragraph 8.23(2)(e) of the Main LR.

**8.42 What are “problem credits” as referred to in paragraph 8.23(2)(a)(ii)(dd) of the Main LR?**

“Problem credits” means such problems arising from, amongst others, the borrower’s non-compliance with the terms of the financial assistance including failure to meet repayment of principal/interest or collateral obligations. It is to be noted that the assessment as to what “problem credits” are by the listed issuer/board of directors should not be limited to actual occurrence of default only but may include possible defaults such as signs of the borrower having difficulties in complying with the terms of the financial assistance (e.g. making or requesting for partial or late payments).

**8.43 Do all listed issuers which are subject to the requirements in paragraph 3.1 of Practice Note 11 also have to make the quarterly disclosures stipulated in paragraph 8.23(2)(e) of the Main LR?**

No, paragraph 8.23(2)(e) is only applicable where a listed issuer or its subsidiary lends or advances money in the ordinary course of its business as a moneylender.

***Electronic payment of cash distributions*****8.44 Must a listed issuer amend its articles of association to allow for payment of cash dividends electronically to its shareholders pursuant to paragraph 8.26A of the Main LR?**

By virtue of paragraph 7.36 of the Main LR, a listed issuer is in a position to pay cash dividends to its shareholders electronically pursuant to paragraph 8.26A of the Main LR regardless of what may be stated in its articles of association in relation to cash dividend payment.

Notwithstanding this, to ensure that the listed issuer’s articles of association are updated and comprehensive, it should proceed to amend the relevant provisions in its articles of association that may be inconsistent with the requirements for the listed issuer to pay cash dividends electronically as set out in paragraph 8.26A of the Main LR. An amendment to its articles of association, if required, may be done at the listed issuer’s next annual or extraordinary general meeting.

**Chapter 8 Continuing Listing Obligations  
[Questions & Answers]**

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**8.45 What should a listed issuer do if its securities holders have not provided their bank account information to the Depository?**

A listed issuer must take all reasonable and appropriate steps to engage and communicate with its securities holders on the availability and benefits of the electronic payment of cash distributions, for example, in the various channels or means set out in the directive dated 19 February 2010 (Ref. No. SR/TAC/ro/LD07/10) (“**Directive**”), and encourage its securities holders to provide their bank account information to the Depository. If, after taking such steps, the securities holders still do not provide their bank account information to the Depository, the listed issuer may continue to pay cash distributions to these securities holders in the existing manner as authorized under the listed issuer’s constituent documents or issuing documents such as the articles of association, trust deed or terms of issuance.

**8.46 Where can a listed issuer obtain its securities holders' relevant contact details for purposes of compliance with paragraph 8.26A(2) of the Main LR?**

A listed issuer can obtain its securities holders' relevant contact details from the Depository when requesting for the bank account information.

**8.47 Must a listed issuer notify all its securities holders electronically for purposes of electronic notification under paragraph 8.26A(2) of the Main LR?**

Currently, a listed issuer must provide electronic notification to all its securities holders who have provided their email details to the Depository to receive electronic notification. In addition, the listed issuer may also, at its discretion, provide other means of electronic notification such as notification via SMS to securities holders who have provided their mobile phone numbers only.

**8.48 For purposes of compliance with paragraph 8.26A(2) of the Main LR, must a listed issuer provide the electronic notification to its securities holders by itself?**

No, while a listed issuer is at liberty to issue the electronic notification itself, this function can also be done by the listed issuer’s service provider such as the bank which debits the cash distributions from the listed issuer’s account or through its share registrar.

**8.49 When must a listed issuer notify its securities holders electronically under paragraph 8.26A(2) of the Main LR?**

A listed issuer must notify its securities holders electronically, as soon as practicable after the cash distributions have been paid out of its account.

**8.50 Who can be the service providers for the electronic payment of cash distributions?**

The service providers for the electronic payment of cash distributions include the share registrars (whether external or in-house), the paying agents providing cash management services for payment to third parties such as the banks or lead arrangers of the listed issuers who offer such facilities, and the Depository.

Chapter 8 Continuing Listing Obligations  
[Questions & Answers]**8.51 Can a listed issuer appoint another share registrar or the Depository to be its service provider for the electronic payment of cash distributions such as cash dividends whilst at the same time maintaining its existing share registrar for other services?**

Yes, a listed issuer may appoint another share registrar or the Depository to be its service provider for the electronic payment of cash distributions such as cash dividends.

**8.52 Does a listed issuer have to procure the consent of each of its securities holders to receive payment of the cash distributions electronically?**

No. The consent will be procured by the Depository when the securities holders provide their bank account information to the Depository.

**8.53 Is a listed issuer required to provide the services for electronic payment of cash distributions to its securities holders if payment of the dividend is satisfied by an issue of shares (dividend in specie) and in cash?**

Where payment of dividend is to be satisfied by an issue of shares (dividend in specie) and in cash, a listed issuer is still required to provide the services for electronic payment of cash distributions to its securities holders in respect of the cash dividend portion. However, electronic payment of cash distributions is not applicable to the dividend in specie.

**8.54 Can a listed issuer pay other types of cash payments not falling within paragraph 8.26A(3) of the Main LR, to its securities holders electronically?**

Yes, a listed issuer may voluntarily pay the other types of cash payments not falling within paragraph 8.26A(3) of the Main LR, to its securities holders via direct crediting into the bank accounts of its securities holders who have provided their bank account details to the Depository. For this, the listed issuer must refer to and comply with the relevant requirements set out in the Rules of the Depository.

***Poll Voting*****8.54A Under paragraph 8.29A(1) of the Main LR, a listed issuer must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. What is an example of a matter that is not set out in the notice of general meeting and therefore not subjected to the poll voting requirements?**

Adjournment of general meeting due to unforeseen circumstances is an example of a matter that is not set out in the notice of general meeting.

**8.54B Are resolutions set out in an addendum, errata or amendment to the notice of general meeting subjected to voting by poll under paragraph 8.29A(1) of the Main LR?**

Yes, "notice of any general meeting" in paragraph 8.29A(1) of the Main LR includes any addendum, errata or amendment to the earlier notice of general meeting. Hence, any resolution set out in the addendum, errata or amendment to the notice of general meeting is subjected to voting by poll.

Chapter 8 Continuing Listing Obligations  
[Questions & Answers]

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**8.54C** Under paragraph 8.29A(2) of the Main LR, a scrutineer appointed to validate the votes cast at the general meeting must fulfill the following requirements:

- the scrutineer must not be an officer<sup>4</sup> of the listed issuer or its related corporation;
- the scrutineer must be independent of the person undertaking the polling process; and
- if the scrutineer is interested in a resolution to be passed at the general meeting, the scrutineer must refrain from acting as scrutineer for that resolution.

**(a)** In view of the above, can a listed issuer's external auditor be appointed as a scrutineer for the general meeting?

Yes, the listed issuer's external auditor can be appointed as the scrutineer for the general meeting so long as the external auditor is independent of the person undertaking the polling process and refrains from acting in a resolution that it may be interested in, e.g. the resolution seeking its reappointment.

**(b)** If the external auditor must refrain from acting as the scrutineer in a resolution seeking its reappointment, who can be the scrutineer to validate the votes cast for such resolution?

The listed issuer may appoint any other person to be the scrutineer for such resolution so long as the said person is not an officer of the listed issuer or its related corporation and is independent of the person undertaking the polling process.

**8.54D** Paragraph 8.29A(2) of the Main LR requires a listed issuer to appoint at least 1 scrutineer who, among others, must not be an officer of the listed issuer or its related corporation, to validate the votes cast at the general meeting. How does the requirement apply in the case of a listed real estate investment trust or a listed business trust?

A scrutineer appointed under paragraph 8.29A(2) of the Main LR must not be –

- in the case of a listed real estate investment trust, an officer of the management company or the related corporation of the management company; and
- in the case of a listed business trust, an officer of the trustee-manager or the related corporation of the trustee-manager.

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<sup>4</sup> "Officer" has the meaning given in section 4 of the Companies Act 1965 and includes the director, company secretary and employees.

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***Continuing obligation of a REIT and an exchange traded fund (“ETF”)***

- 8.55** Paragraphs 8.37 and 8.40 of the Main LR among others, require a REIT and an ETF respectively, to submit a draft circular and other documents proposed to be sent to its unit holders to Bursa Securities for perusal, within a reasonable time before printing. What is considered as a “reasonable time”?

A REIT or ETF should submit the draft circular and other documents proposed to be sent to its unit holders in accordance with paragraph 9.33 of the Main LR, i.e. as soon as possible and in any event not later than 2 months from the date of the announcement or the date of the last approval necessary for the proposal is obtained from the relevant authority, whichever is the later.

***Continuing obligation of a special purpose acquisition company (“SPAC”)***

- 8.56** Pursuant to paragraph 8.42 of the Main LR, a SPAC is not subject to certain continuing listing obligations. Will this still be applicable to a SPAC which has completed a qualifying acquisition?

No, once a SPAC completes a qualifying acquisition<sup>5</sup>, it is regarded as a listed issuer and has to comply with all the requirements in the Main LR like any other listed issuer.

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<sup>5</sup> Pursuant to paragraph 1.01 of the Main LR, a SPAC is considered to have completed a qualifying acquisition at the point of time where all conditions precedent set out in the sale and purchase agreement governing the qualifying acquisition have been fulfilled, and “complete the qualifying acquisition” will be construed accordingly.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 1 July 2016)**

**CHAPTER 9 – CONTINUING DISCLOSURE**

***General***

**9.01 Does the Main LR impose an obligation on listed issuers to make an announcement on financial estimate, forecast or projection?**

The Main LR does not impose an obligation on listed issuers to announce its financial estimate, forecast or projection.

However, if the listed issuers choose to announce their financial estimate, forecast or projection, the listed issuers must, amongst others, comply with the following:

- the requirements on the contents of announcement as set out in paragraph 9.16 of the Main LR and in particular, the preparation and the announcement of the financial estimate, forecast or projection must comply with Chapters 12 and 13 in Part I, Division 1 of the SC's Prospectus Guidelines in relation to future financial information ("**SC FFI Standards**") as required under paragraph 9.16(1)(c)(v) of the Main LR. This includes the obligation to ensure that the underlying accounting policies and assumptions of the financial estimate, forecast or projection are reviewed by the external auditors or reporting accountants, as the case may be, in accordance with the SC FFI Standards;
- the requirements as set out in paragraph 9.19(36) of the Main LR and Notes 3(b) and 4 of Appendix 9B of the Main LR; and
- the disclosure must adhere to the Corporate Disclosure Policy prescribed under the Main LR including the requirement that there should not be selective disclosure of the financial estimate, forecast or projection to the investors, press, analysts or any other parties prior to the release or simultaneous release, of the financial estimate, forecast or projection through Bursa Link.

**9.02 If a listed issuer chooses to announce its internal targets that are set as part of its business plan, is it required to comply with the SC FFI Standards in respect of such announcement?**

No. The listed issuer need not comply with the SC FFI Standards. However, the listed issuer must comply with the following obligations instead when it announces its internal targets:

- the requirements on the contents of announcement as set out in paragraph 9.16 of the Main LR and in particular the announcement on its internal target must explain the nature of the internal targets in accordance with paragraph 9.16(1)(f) of the Main LR;
- the immediate and periodic disclosures must comply with paragraph 9.19(36) of the Main LR and Notes 3(b) and 4 of Appendix 9B of the Main LR; and



- the disclosure must adhere to the Corporate Disclosure Policy prescribed under the Main LR including the requirement that there should not be selective disclosure of the internal targets to the investors, press, analysts or any other parties prior to the release or simultaneous release, of the internal targets through Bursa Link.

**9.03 The government linked companies are required to announce their key performance indicators (“KPIs”). Are the KPIs considered internal targets which must comply with the disclosure obligations under the Main LR?**

KPIs are regarded as internal targets and as such, any listed issuer which makes disclosures of its KPIs would need to adhere to the disclosure obligations including paragraph 9.16 of the Main LR and provide the requisite updates as part of the quarterly reports under the Main LR.

**9.04 Does the “agreement, arrangement, joint venture or collaboration” mentioned in Bursa Securities’ letter dated 4 August 2006 include a project or contract which is in the ordinary course of business?**

Yes. As such, the listed issuer must comply with the obligations stipulated by Bursa Securities vide the letter dated 4 August 2006 in respect of any announcement made in relation to such a project or contract even though it is in the ordinary course of business.

**9.05 Corporation A and Corporation B have entered into an arrangement to acquire shares in Corporation C where Corporation A will take up an equity interest of 60% and the balance 40% will be taken up by Corporation B. Both Corporation A and B are listed on Bursa Securities. The arrangement involved Corporation C being appointed the sole distributor to market products in Malaysia which are produced by Corporation B. The arrangement is neither to bid nor secure a project/contract. Is Corporation A required to comply with Bursa Securities’ letter dated 4 August 2006 in relation to the announcement of this arrangement?**

No. The said directive is only for any “Venture” within the meaning stipulated in letter dated 4 August 2006. An arrangement to acquire securities in another corporation which does not come within the ambit of “Venture” as defined in the letter dated 4 August 2006 would not be subject to the said letter.

***Immediate disclosure of material information***

**9.06 Is a listed issuer required to make immediate disclosure of a notice issued pursuant to section 218 of the Companies Act, 1965 (“S. 218 Notice”)?**

There is usually no requirement for an immediate announcement to be made by a listed issuer of a S.218 Notice as this is merely a letter of demand. However, where a S.218 Notice is considered to be material pursuant to paragraph 9.03 of the Main LR based on the facts and circumstances of a particular listed issuer, the listed issuer must make an immediate announcement of the same.

- 9.07** *Mr. P* was required to despatch certain private and confidential documents pertaining to a material corporate proposal of *X Bhd* which has yet to be announced. *Mr. P* subsequently discovered that the documents were missing under suspicious circumstances and hence, was unable to despatch the same. *Mr. P* immediately reported the matter to *X Bhd*. Is *X Bhd* required to make an immediate disclosure of the corporate proposal?

*X Bhd* would be required to make an assessment of the circumstances and must make an immediate announcement pursuant to the paragraph 9.06(3) of the Main LR if the suspicious circumstances aforesaid would reasonably lead to the belief that the material information has been inadvertently disclosed. It is to be noted that the illustration provided above is not exhaustive and the circumstances which may cause a listed issuer to believe that material information may have been inadvertently disclosed are varied and subjective on a case to case basis. It may include situations where a listed issuer is of the view that the necessary degree of confidentiality cannot be maintained or suspicious 'leak' of the information by party(ies) privy to the material information have occurred. In such circumstances, the listed issuer would have to make an immediate announcement notwithstanding that there is no unusual market activity or insider trading in the listed issuer's securities or rumours/reports concerning the information.

***Thorough public dissemination***

- 9.08** Is selective disclosure of material information allowed under the Main LR?

Pursuant to paragraph 9.08(2) of the Main LR, listed issuers must ensure that under no circumstances disclosure of material information is made on an individual or selective basis to analysts, shareholders, journalists or other persons unless such information has previously been fully disclosed and disseminated to the public.

However, pursuant to paragraph 9.08(3) of the Main LR, under limited circumstances, selective disclosure to such persons where it is necessary towards achieving certain corporate objectives is permitted subject to the requirements in the said paragraph. Hence, disclosure of unpublished material information to solicitors and advisers in undertaking a corporate or due diligence exercise is permitted provided that the strictest confidentiality is imposed and maintained.

***Preparation of announcements – content of press or public announcement***

**9.09** [Deleted]

**9.10** [Deleted]

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**Prescribed events which require immediate announcement**

- 9.11 A Bhd does not have a chief financial officer. Financial matters fall under the responsibility of its general manager, Mr. X. These matters include signing cheques, monitoring cash flow, financial planning and preparing the financial statements. Mr. X is also responsible for signing the statutory declaration in relation to the accounts of A Bhd. Mr. X has recently resigned from A Bhd. Must A Bhd announce Mr. X's resignation and provide reasons for the resignation in accordance with paragraph 9.19(14A)(b) of the Main LR?**

Under paragraph 9.19(14A) of the Main LR, A Bhd is required to announce the cessation of office of its chief financial officer and to include the reasons for such cessation. Paragraph 1.01 of the Main LR further defines “**chief financial officer**” to mean the person primarily responsible for the management of the financial affairs of the corporation (such as record keeping, financial planning and financial reporting) by whatever name called. As Mr. X is primarily responsible for the management of A Bhd's financial affairs, Mr. X would fall within the definition of “**chief financial officer**”. Hence, A Bhd is required to make the relevant announcement under paragraph 9.19(14A)(b) of the Main LR in relation to the resignation of Mr. X.

- 9.12 Listed issuers are now required to immediately announce the reasons given for cessation of office of a director<sup>1</sup>, chief executive<sup>2</sup> and chief financial officer<sup>3</sup> including but not limited to any information relating to his disagreement with the board and a statement as to whether or not there are any matters that need to be brought to the attention of the shareholders. If the reasons for cessation are contentious in nature, for example, where the reasons are defamatory or where there is an existing dispute in relation to the cessation of office, how does a listed issuer ensure compliance with such requirement?**

Listed issuers must adhere to the standard of disclosure set out in paragraph 9.16 under the Main LR. Amongst others, the listed issuers must ensure that its announcement is factual, clear, unambiguous, accurate, succinct and contains sufficient information to enable investors to make informed investment decisions. Further, the announcement must be balanced and fair, and does not contain any language which is inflammatory, defamatory or scandalous of another person. In instances where the reasons for cessation of office are contentious in nature, the listed issuer should seek prior legal advice in the preparation of the announcement required.

- 9.13 A director resigns from a listed issuer and does not provide reasons for his resignation. Is the listed issuer still required to provide reasons for the resignation of the director in the announcement under paragraph 9.19(12)(b) of the Main LR?**

Under paragraph 9.19(12)(b), the listed issuer is required to disclose the reasons for the cessation of office of its director. Hence, the listed issuer must engage with the relevant director for the reasons of his resignation.

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<sup>1</sup> See paragraph 9.19(12)(b) of the Main LR.

<sup>2</sup> See paragraph 9.19(14)(b) of the Main LR.

<sup>3</sup> See paragraph 9.19(14A)(b) of the Main LR.

- 9.14 If a listed issuer's shareholders requisition for the removal of a director or auditor of the listed issuer, is the listed issuer required to disclose the reasons for removal pursuant to the shareholders' requisition, under paragraphs 9.19(12)(b) or 9.19(15) of the Main LR respectively?**

The listed issuer is expected to use its best endeavours to obtain the reasons for such removal from the shareholders making the requisition, and subsequently announce the reasons under paragraphs 9.19(12)(b) or 9.19(15) of the Main LR, as the case may be.

- 9.15 A chief executive resigns and provides the official reasons for his resignation in his letter to the listed issuer. The listed issuer makes the announcement required under paragraph 9.19(14)(b) of the Main LR. Subsequently, the actual reasons for the resignation of the chief executive surfaced. Will there be any enforcement action taken against the listed issuer in this instance by Bursa Securities?**

In making an announcement, the listed issuer must ensure adherence to the requirements under the Main LR including paragraph 9.16(1) which requires the listed issuer to make, amongst others, clear, factual and accurate announcements. Where there are discrepancies in the said announcement, Bursa Securities will investigate to see whether the listed issuer has done all that is necessary to ensure factual and accurate disclosure of facts. Additionally, under paragraph 9.16(4) of the Main LR, the listed issuer is required to immediately notify Bursa Securities when it becomes aware that the announcement does not fulfil the requirements of paragraph 9.16(1) of the Main LR, and do the necessary to rectify the earlier announcement made. If, in the course of Bursa Securities' investigation, it is found that the listed issuer has not taken the necessary steps to ensure accurate and complete disclosure of information, Bursa Securities may take the necessary enforcement action.

- 9.16 Paragraph 9.19(14B) of the Main LR requires a listed issuer to announce any appointment or change in the legal representative(s) with sole powers to represent, exercise rights or enter into binding obligations, on behalf of the listed issuer or its foreign principal subsidiary pursuant to any relevant law applicable to the listed issuer or its foreign principal subsidiary. Who is a legal representative for purposes of paragraph 9.19(14B) of the Main LR?**

As expressly stated in paragraph 9.19A(14B) of the Main LR, a legal representative is a person with sole powers to represent, exercise rights or enter into binding obligations, on behalf of the listed issuer or its foreign principal subsidiary. It is a requirement imposed under the law of the relevant country like China for example which permits the appointment of a legal person who has the sole power to manage and direct the corporation, holds the corporation's common seal and is authorized to perform all acts regarding the general administration of the corporation including executing powers of attorney and any legal transaction on the corporation's behalf. The legal representative however, is separate from the director or senior officers of the listed issuer or its foreign principal subsidiary.

**9.17 A winding-up petition is served on the subsidiary of a listed issuer. However, the winding-up petition has no financial or operational impact on the listed issuer and the listed issuer forms the view that there is no merit to the winding-up petition. Is the listed issuer still required to make an immediate announcement of the winding-up petition?**

Yes. Pursuant to paragraph 9.19(19) of the Main LR, a listed issuer must make an immediate announcement of any commencement of winding-up proceedings against the listed issuer or any of its subsidiaries or major associated companies irrespective of whether -

- the winding-up has financial or operational impact on the listed issuer;
- the listed issuer is contesting the winding-up petition or forms the view that there is no merit to the winding-up petition; or
- the listed issuer is in negotiation with the petitioner to arrive at a settlement arrangement.

**9.18 Does a listed issuer need to inform Bursa Securities when a listed issuer wants to utilise the balance of its initial public offerings proceeds which have been allocated for a project as disclosed in the prospectus, for another project?**

Pursuant to paragraph 9.19(32) of the Main LR, a listed issuer must announce to Bursa Securities any change to the utilisation of proceeds raised from issuance of securities (including arising from initial public offerings) that deviates by 5% or more from the original utilisation of proceeds.

**9.19 *Z Bhd* has disclosed in its prospectus issued for the initial public offering of *Z Bhd* that it expects the gross proceeds from the public issue of approximately RM35million to be fully utilised as follows:**

Details of proposed utilisation of proceeds	Proceeds (RM 000)
Acquisition of a new factory	5,000
Purchase of equipment	6,000
Repayment of bank borrowings	13,000
Working capital	10,000
Estimated listing expenses	1,000
<b>Total</b>	<b>35,000</b>

**Subsequent to the listing of *Z Bhd*, *Z Bhd* decides that it would need to purchase additional equipment and thus, *Z Bhd* would need a total of RM6.4 million towards the purchase of equipment. *Z Bhd* further decides that the additional RM400,000 would be from its working capital. Is *Z Bhd* required to make an immediate announcement of these changes to its proposed utilisation of proceeds?**

As *Z Bhd* would now utilise RM6.4 million towards the purchase of equipment, *Z Bhd* would be required to make an immediate announcement of the changes including the deviation in the utilisation of the RM400,000 which was originally proposed for working capital purposes pursuant to paragraph 9.19(32) of the Main LR. The requisite announcement under paragraph 9.19(32) of the Main LR refers to instances of deviation to the amount allocated for a particular purpose.

- 9.20** Based on the same facts as in Question 9.19 above, would *Z Bhd* be required to make an immediate announcement pursuant to paragraph 9.19(32) of the Main LR notwithstanding that *Z Bhd* has yet to proceed with the purchase of the additional equipment?

Yes, *Z Bhd* would be required to make the immediate announcement pursuant to paragraph 9.19(32) of the Main LR notwithstanding that *Z Bhd* has yet to proceed with the purchase. For purposes of paragraph 9.19(32) of the Main LR, listed issuers would be required to make the announcement once a decision has been made to change the proposed utilization of proceeds and not upon actual implementation of the change.

- 9.21** Paragraph 9.19(36) of the Main LR requires the listed issuer to make an immediate announcement of any circumstances or development which are likely to materially affect the results or outcome of any financial estimate, forecast, projection or internal targets of the listed issuer previously announced or disclosed in a public document. What is the extent of the variation to the results or outcome of the financial estimate, forecast, projection or internal targets that would be considered as “material”?

Bursa Securities does not prescribe a threshold where the variation would be considered “material” for purposes of making the requisite announcement under paragraph 9.19(36) of the Main LR. The variation would be considered material if the information of such variation is reasonably expected to have a material effect on -

- (a) the price, value or market activity of any of the listed issuer’s securities; or
- (b) the decision of a holder of securities of the listed issuer or an investor in determining his choice of action.

**9.22** [Deleted]

**9.23** [Deleted]

- 9.24** Paragraph 9.19(46) of the Main LR requires an immediate announcement of any valuation which has been conducted on the non-current assets of the group, where the revaluation surplus or deficit will be incorporated in the financial statements of the listed issuer. Would this include valuation of the listed issuer’s investment in subsidiaries?

No. For purposes of paragraph 9.19(46) of the Main LR, the valuation is only in respect of the non-current assets of the group and thus, it would not include valuation of the listed issuer’s investment in subsidiaries.

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- 9.25 Paragraph 9.19(47) of the Main LR requires a listed issuer to make an immediate announcement of any material development to corporate proposals previously announced. What will be considered “corporate proposals” under paragraph 9.19(47) of the Main LR?**

“**Corporate proposals**” for purposes of paragraph 9.19(47) of the Main LR refers to any proposals, transactions, arrangements or exercises by a listed issuer. Corporate proposals include but are not limited to capital raising exercises, transactions, rights issue, bonus issue, capital consolidation, scheme of arrangement, compromise, amalgamation capital reduction, capital repayment and employee share schemes.

***Prescribed events which require immediate announcement – business trust***

- 9.26 Paragraph 9.53(1)(f) of the Main LR requires a trustee-manager to immediately announce any material modification to the deed. How does the trustee-manager determine whether a modification is material or otherwise?**

In assessing whether the modification is material, the trustee-manager should apply the materiality test as set out in paragraph 9.03 of the Main LR.

***Immediate disclosure requirements – dealings in quoted securities***

- 9.27 For the purpose of paragraph 9.20 of the Main LR, is a listed issuer only required to aggregate the purchases or sales of the quoted securities of a particular corporation?**

No. Pursuant to paragraph 9.20 of the Main LR, a listed issuer is required to aggregate all purchases or sales of quoted securities respectively within the preceding 12 months excluding such purchases or sale which has been previously announced.

**9.28 Website**

- (a) Under the Main LR, paragraph 9.21 mandates a listed issuer to have its own website. Is there a timeframe prescribed by Bursa Securities for the listed issuer to set up its website?**

A listed issuer must have its own website by 3 August 2009 when the Main LR takes effect.

- (b) Is a listed issuer required to comply with a prescribed minimum content in respect of its website?**

No. However, a listed issuer must publish on its website all announcements made to Bursa Securities. Further, the listed issuer must ensure that the website is current, informative and contains all information which may be relevant to the listed issuer's shareholders including analyst's briefings.



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**(c) When is a listed issuer required to publish announcements on its website?**

A listed issuer is required to publish announcements made to Bursa Securities on its website as soon as practicable after such announcements are released on Bursa Securities' website. The listed issuer must not publish any announcements on its website before the same is released by Bursa Securities.

**(d) Paragraph 9.21(3) of the Main LR requires a listed issuer to ensure that its website contains the email address, name(s) of designated person(s) and their contact numbers to enable the public to forward queries to the listed issuer. What are the queries envisaged by this requirement and must the listed issuer answer all queries?**

This requirement is imposed to enable a listed issuer to improve the investor relations with its stakeholders, especially the shareholders. Hence, a shareholder may forward any query to its listed issuer. The listed issuer should use its best endeavours to respond to the queries.

**(e) Paragraph 9.21(2) of the Main LR requires every listed issuer to publish on its website all announcements made to the Exchange pursuant to the Main LR. How long must a listed issuer maintain such announcements on its website?**

The Main LR does not prescribe the duration for such announcements to be maintained on a listed issuer's website. The listed issuer may exercise its discretion on how long it will maintain its announcements on its website. In any event, a listed issuer should ensure that its website is current, informative and contain all information which may be relevant to its shareholders, as provided under paragraph 9.21(4) of the Main LR.

**(f) Can a listed issuer provide a link in its website that enables its announcements that are posted on Bursa Securities' website to be similarly made available on its website?**

Yes, a listed issuer may do so only if it procures Bursa Malaysia's approval and enters into an agreement with Bursa Malaysia. This is to avoid any issue of copyright infringement by such listed issuer. Further, the listed issuer must ensure that the link will enable announcements to be viewed seamlessly as part of the listed issuer's web pages. The listed issuer may contact Bursa Malaysia's Information Services Division for further details on such arrangements.

**(g) Can a group of companies share one website?**

Yes, provided that each listed issuer within the group has its own distinctive and designated webpages and shareholders are able to retrieve the information on each of their listed issuers easily. In short, the listed issuers within the group must each ensure compliance of its webpages within the shared website with paragraph 9.21 of the Main LR.



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***Publication of certain information in annual reports on the listed issuer's website*****9.29 What information set out in Part A of Appendix 9C which may be published on the listed issuer's website pursuant to paragraph 9.25(1) of the Main LR?**

Under paragraph 9.25(1) of the Main LR, a listed issuer may publish information set out in Part A of Appendix 9C which has been **previously announced or disclosed to shareholders pursuant to these Requirements, or remains substantially unchanged from year to year ("said information")** provided that the listed issuer discloses in the annual report, the address of its website and the place on its website where the information can be accessed. The said information may include -

- (a) list of material properties;
- (b) profile of directors, chief executive and key senior management;
- (c) material contracts and loans involving the interest of directors, chief executive who is not a director and major shareholders; and
- (d) terms of references, policies and processes of board committees.

**9.30 Is the listed issuer required to update the said information published on its website from time to time?**

Yes, the listed issuer must update the said information as and when there is a material change to the information. The listed issuer must also ensure that it complies with following requirements of the Main LR:

- (a) paragraph 9.21 which, among others, provide that a listed issuer should ensure that its website is current, informative and contains all information relevant to the listed issuer's shareholders; and
- (b) paragraph 2.18 which requires a listed issuer to ensure that any application, proposal, statement, information or document presented, submitted or disclosed pursuant to Main LR is –
  - clear, unambiguous and accurate;
  - does not contain any material omission; and
  - is not false or misleading.

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***Publication of summary of key matters discussed at annual general meetings on the listed issuer's website*****9.30A What should be covered under the summary of key matters discussed at the annual general meetings which a listed issuer must publish on its website pursuant to paragraph 9.21(2)(b) of the Main LR?**

The summary of the key matters discussed at the annual general meeting which must be published on the listed issuer's website should include a summary of the discussions or explanations on the matters set out in the agenda, substantial or pertinent comments or queries from shareholders relating to the agenda and responses from the board and management.

***Issuance of annual report in electronic format*****9.31 Under paragraph 9.26 of the Main LR, a listed issuer may issue its annual report in electronic format to its shareholders provided that the relevant requirements are complied with<sup>4</sup>. What constitutes "electronic format" in which an annual report may be issued in?**

Issuance of annual report in "electronic format" under paragraph 9.26 of the Main LR includes issuance in CD-ROM, USB thumb drive, USB flash drive or USB pen drive.

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<sup>4</sup> The listed issuer must comply with the following:

- (a) give a printed copy of its annual report to its shareholder upon the shareholder's request, whether verbal or written;
- (b) designate a person to attend to the shareholders' requests as stated above;
- (c) ensure that a hard copy of the annual report is forwarded to the shareholder requesting the same within 4 market days from the date of receipt of the request;
- (d) designate person(s) to answer queries from shareholders relating to the use of the electronic format; and
- (e) issue hard copies of the notice of the annual general meeting, the proxy form and the following documents to its shareholders together with the annual report in electronic format -
  - (i) a note containing the following statement or information:
    - (aa) the listed issuer will forward a hard copy of the annual report to the shareholder within 4 market days from the date of receipt of the verbal or written request;
    - (bb) the listed issuer's website and e-mail address, name(s) of designated person(s) attending to shareholders' requests and queries and contact number(s); and
    - (cc) the designated website link or address where a copy of the annual report may be downloaded; and
  - (ii) a request form to enable the shareholder to request for the annual report in hard copy, with the particulars of the listed issuer's facsimile number and mailing address.

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**Periodic disclosures – quarterly report**

- 9.32 If a listed issuer changes its financial year end which results in a change to the periods to be covered by the quarterly report, how would the listed issuer determine such periods?**

Paragraph 9.22(3) of the Main LR states that a listed issuer must consult Bursa Securities to determine the period to be covered by the quarterly reports if there is a change of financial year end.

- 9.33 Does a listed issuer have to provide the selected explanatory notes in the same sequence as provided in paragraph 16 of FRS 134 on Interim Financial Reporting in the quarterly report? How should the listed issuer disclose the additional information required under Appendix 9B of the Main LR?**

The listed issuer is not required to disclose the selected explanatory notes in the same sequence as paragraph 16 of FRS 134. However, the listed issuer is encouraged to disclose information required under FRS 134 first and then followed by those required by Appendix 9B of the Main LR.

- 9.34 If any one of the notes required under FRS 134 and/or Appendix 9B of the Main LR is not applicable to the listed issuer, does the listed issuer have to state specifically that the particular note is not applicable?**

If a particular note is not applicable to the listed issuer, then the listed issuer is encouraged to state specifically that the particular note is not applicable.

- 9.35 Paragraph 1 in Appendix 9B of the Main LR now requires a listed issuer to disclose a detailed analysis of the performance of all operating segments of the group setting out the material factors affecting the earnings and/or revenue of each segment for the current quarter and financial year-to-date. What is the extent of information required to be disclosed that would be considered as a “detailed analysis”?**

In making the disclosure of a detailed analysis, a listed issuer must comment on the performance of each of its business activity (as segmented in the annual report) and the factors that resulted in the revenue or profits improving or declining as compared to the corresponding period. In this regard, the listed issuer’s board of directors should discuss, among others, the following factors:

- (a) the market condition and demand for its goods and services;
- (b) the level of its operating activities;
- (c) the factors or circumstances affecting the changes to the revenue, costs and profit margin of each business activity or segment;
- (d) any unusual or one-off gains/losses affecting the revenue or profit; or
- (e) any other information which can provide a better understanding of the listed issuer’s performance.

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A general statement that the revenue and profit for the period has increased or decreased by a certain percentage without any elaboration of the above factors is not acceptable.

**9.36 To what extent must a listed issuer's board of directors comment on the listed issuer's prospects in the quarterly report pursuant to paragraph 3 of the Appendix 9B of the Main LR<sup>5</sup>?**

In commenting on the listed issuer's prospects under paragraph 3 of Appendix 9B of the Main LR, the board of directors must discuss in detail the prospects on each segmented activities and the material factors that are likely to influence the listed issuer's prospects for the remaining period of the financial year. The commentary should include -

- (a) the prospects of each of the group's business segments, including contracts at hand, tender book value, competitive challenges, customers' trend and supply constraint;
- (b) significant changes in raw material costs and selling prices affecting demand and profit margins;
- (c) financial impact arising from currency fluctuation and steps taken to mitigate such fluctuation;
- (d) changes in product or service mix and their impact on profit margin;
- (e) financial impact from recently completed acquisition, disposal or merger;
- (f) new regulations or rules which may affect the group's operating activities; or
- (g) any changes in business direction or new development of the group which may have an impact on the prospects of any business segment.

A general statement such as the board is optimistic of achieving better performance for the financial year or the board expects the group's results for the remaining period to be profitable, without discussing the above matters is not acceptable.

**9.37 Listed issuers are now required to disclose, on a quarterly basis, the details of major components on their operating, investing and financing activities in their statement of cash flows pursuant to paragraph 17 in Appendix 9B of the Main LR. How should the listed issuers make the additional disclosures in their statement of cash flows?**

In making the additional disclosures required under paragraph 17 in Appendix 9B of the Main LR, listed issuers should provide the following details:

- (a) The details in respect of the operating activities may include –
  - receipts from customers
  - payments to suppliers, contractors and employees

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<sup>5</sup> Paragraph 3 of Appendix 9B of the Main LR, among others, requires a listed issuer to provide in its quarterly report, a commentary on the prospects, including the factors that are likely to influence the listed issuer's prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter.

- interest paid
- payment of income taxes

***Total Cash Flow from/(used in) operating activities***

(b) The details in respect of the investing activities may include –

- purchase of property, plant and equipment
- disposal of property, plant and equipment
- payment of intangible assets
- acquisition of investments
- disposal of investments
- advances to associates/jointly controlled entities
- repayment of advances from associates/jointly controlled entities
- interest received

***Total Cash Flow from/(used in) investing activities***

(c) The details in respect of the financing activities may include –

- dividend paid to equity holders
- proceeds from borrowings
- repayment of borrowings
- proceeds from rights issue

***Total Cash Flow from/(used in) financing activities***

**9.38 Is the management company of a real estate investment trust and an exchange traded fund required to give quarterly reports pertaining to the real estate investment trust and exchange traded fund respectively to Bursa Securities for public release?**

Yes, the management company of a real estate investment trust and an exchange traded fund must respectively give quarterly reports of the real estate investment trust and exchange traded fund for each of the first 3 quarters of its financial year, to Bursa Securities for public release, as soon as the figures are available, and in any event not later than 2 months after the quarter ends as required under paragraphs 9.44 and 9.48 of the Main LR respectively. However, the management company of a real estate investment trust and an exchange traded fund need not submit any quarterly report for the last quarter of its financial year.

**9.39 Is a SPAC required to give Bursa Securities an interim financial report on a quarterly basis in accordance with paragraph 9.22 of the Main LR?**

No. Pursuant to paragraph 9.51 of the Main LR, a SPAC need not comply with paragraph 9.22 of the Main LR. A SPAC is only required to announce to Bursa Securities its interim unaudited or audited financial report within 2 months after the close of the SPAC's half financial year.

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**Timeframe for issuance of annual report**

**9.40** Paragraph 9.23 of the Main LR in relation to the timeframe for issuance of annual reports has been amended to be implemented in phases in the following manner:

- annual reports for financial years ending on or after 31 December 2014 must be issued to Bursa Securities and shareholders within 5 months from the close of the financial year end (“Phase 1 Requirements”); and
- annual reports for financial years ending on or after 31 December 2015 must be issued to Bursa Securities and shareholders within 4 months from the close of the financial year end, and the separate announcement of the annual audited financial statements can be dispensed with (“Phase 2 Requirements”).

**ABC Berhad’s financial year end (“FYE”) falls on 31 December. Is ABC Berhad still required to announce its annual audited financial statements to the Bursa Securities?**

*ABC Berhad* is still required to announce its annual audited financial statements for FYE 31 December 2014 by 30 April 2015 under the Phase 1 Requirements. However, it is not required to announce its annual audited financial statements for FYE 31 December 2015 and the subsequent financial years after 31 December 2015 when the Phase 2 Requirements become effective as its annual reports issued within 4 months for those financial years would already include its annual audited financial statements, directors’ and auditors’ reports.

**9.40A** *XYZ Bhd’s financial year end (“FYE”) falls on 31 March 2016. Prior to 31 December 2015, XYZ Bhd has been –*

- holding its annual general meeting within 6 months from the close of its financial year (i.e. in September); and
- including the notice convening the annual general meeting and proxy forms in its annual report, and forwarding them together to shareholders.

Pursuant to the Phase 2 Requirements, *XYZ Bhd* is required to issue its annual report that includes the annual audited financial statements together with the auditors’ and directors’ reports, to the Exchange and shareholders by July 2016 (i.e. 4 months from the close of its financial year end).

**(a)** Does this mean that *XYZ Bhd* is also required to convene its annual general meeting within the shorter timeframe?

The Main LR does not prescribe when a listed issuer must convene its annual general meeting. Hence, it is up to *XYZ Bhd* to determine when it should convene its annual general meeting so long as it complies with the relevant requirements of the Companies Act 1965.

- (b) **Assuming that XYZ Bhd convenes its annual general meeting in September 2016, can XYZ Bhd send the notice convening the annual general meeting and the proxy forms separately from the annual report?**

As the annual general meeting will only be held in September 2016, XYZ Bhd may send out the notice convening the annual general meeting and the proxy forms separately from the annual report so long as it complies with the relevant requirements of the Companies Act 1965.

***Periodic disclosures – annual report***

- 9.41 Pursuant to paragraph 9.25(1) of the Main LR, a listed issuer must set out separately in its annual report, the items set out in Part A of Appendix 9C of the Main LR (hereinafter referred as “Appendix 9C”). Does the listed issuer have to provide a negative statement if a particular item contained in Appendix 9C is not applicable to the listed issuer?**

No, the listed issuer does not have to provide a negative statement if a particular item in Appendix 9C is not applicable to the listed issuer except where it is expressly required under Appendix 9C, namely items (18)(b), (21) and (29) of Appendix 9C.

- 9.42 What is the definition of “family” relationship as stated in items (3)(f), (4)(f) and (4A)(e) of Appendix 9C?**

“Family” relationship shall have the same meaning as assigned to “family” under paragraph 1.01 of the Main LR.

- 9.43 What is the definition of “conflict of interest” as stated in item (3)(g) of Appendix 9C?**

“Conflict of interest” for the purposes of item (3)(g) of Appendix 9C, refers to a situation where the director concerned has personal pecuniary interests which are in conflict with those of the listed issuer or its subsidiaries. It excludes transactions entered into by a listed issuer or its subsidiaries involving the interest of the director concerned which are regarded as related party transactions pursuant to Chapter 10 of the Main LR. The following are illustrations. A sale of property by the listed issuer to a corporation owned by the director would be a related party transaction which does not require disclosure pursuant to item (3)(g) of Appendix 9C. If the director is a major shareholder of another corporation which is the competitor of one of the subsidiaries of the listed issuer, such information must be disclosed pursuant to item (3)(g) of Appendix 9C.

- 9.44** [Deleted]

- 9.45 What is the definition of “relevant regulatory bodies” referred to in items (3)(h), 4(h) and 4A(g) of Appendix 9C?**

“Relevant regulatory bodies” refers to any regulator that regulates a listed issuer or its subsidiaries or any authority or organisation which regulates the business activity of a listed issuer or its subsidiaries. This includes Bursa Securities, the SC, Bank Negara Malaysia, the Companies Commission of Malaysia, the Employees Provident Fund, the Inland Revenue Board, the Department of Environment and the local municipal councils.

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- 9.46 Pursuant to item (18)(b) of Appendix 9C, are listed issuers required to disclose non-audit fees paid to corporations which are owned by the external auditors i.e. the partners of the auditing firm?**

Yes, pursuant to item (18)(b) of Appendix 9C, listed issuers are required to disclose non-audit fees paid to corporations owned by the external auditors of the listed issuers.

- 9.47 What is considered as “non-audit fees” pursuant to item (18)(b) of Appendix 9C?**

“Non-audit fees” would encompass any fees paid for services rendered to the listed issuer or its subsidiaries other than for statutory auditing work. An example would be consultancy services.

- 9.47A Pursuant to item 18(b) of Appendix 9C, listed issuers are required to set out in their annual reports, the details on the nature of the services rendered by the external auditors if the non-audit fees incurred were significant. For this purpose, what is regarded as “significant” non-audit fees?**

In determining what could be regarded as “significant” non-audit fees, listed issuers should consider the amount of non-audit fees incurred compared to the amount of audit fees paid. Generally, if the non-audit fees constitute 50% of the total amount of audit fees paid to their external auditors, then such non-audit fees are regarded as significant.

- 9.48 Pursuant to items (3)(h), (4)(h) and (4A)(g) of Appendix 9C, listed issuers are required to set out in their annual report the particulars of the directors, chief executive and key senior management respectively including the list of convictions for offences within the past 5 years other than traffic offences, if any. What is regarded as “convicted of an offence”?**

“Convicted of an offence” includes any finding of guilt or any order involving any finding of guilt by any court of competent authority in Malaysia or outside Malaysia in relation to any act or omission punishable under criminal law.

- 9.49 In relation to the statement on internal audit function as required under item (30) of Part A, Appendix 9C, where should such statement be located in the annual report?**

There is no specific requirement for the location of the internal audit statement as long as the statement is clear and contains the information required.

- 9.50 In relation to item (30) of Appendix 9C, when the internal audit is conducted in-house, should the cost be disclosed?**

Yes, the cost is to be disclosed regardless of whether the internal audit function is performed in-house or outsourced. Such cost should include all costs involved in performing the internal audit function.



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**9.51 Corporate social responsibility (“CSR”) referred to in item (29) of Appendix 9C****(a) What is “corporate social responsibility”?**

Corporate social responsibility (“CSR”) is a concept that focuses on a corporation’s behaviour and actions. CSR has been defined as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. In essence, what this means is corporations integrating socially responsible behaviour into their business operations. For instance, this can range from making charitable donations or enhancing employee welfare to aligning or modifying the corporation’s operations to ensure that it is more environmentally friendly. These are of course very limited examples as there is no singular model on how to approach CSR. Each corporation, based on the nature of their business and resources may choose to undertake the CSR activities that are more suitable for them at that point in time.

**(b) Pursuant to item 29 of Part A, Appendix 9C, listed issuers are required to set out in their annual report, a description of the CSR activities or practices undertaken by the listed issuer. Does Bursa Securities prescribe the contents of the disclosure to be made in relation to the CSR activities or practices?**

No, Bursa Securities does not prescribe the contents of what the listed issuers should disclose. A listed issuer must, however, ensure that the disclosure complies with the requirements of paragraph 2.18 of the Main LR. Where a listed issuer has not undertaken any CSR activities for a particular year, pursuant to item 29 of Part A, Appendix 9C, a negative statement must be inserted.

**(c) By requiring listed issuers to disclose CSR activities in their annual reports, does it mean that Bursa Securities is making CSR activities compulsory for all listed issuers?**

No, the practice of CSR is completely voluntary and at the discretion of listed issuers. The requirement for disclosure of CSR activities is for enhanced transparency and to encourage listed issuers to bear in mind CSR when undertaking their business and operations.

**(d) Which part of the annual report should the CSR activities of the listed issuer and its subsidiaries be disclosed?**

Bursa Securities has not prescribed any specific requirements pertaining to where the CSR statement should be located. A listed issuer may disclose the statement anywhere in the annual report so long as it is clearly set out.

**(e) How can I find out more about CSR?**

Further information on CSR can be found on Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under the CSR Framework for Malaysian public listed corporations.

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***Contents of annual report of a business trust***

- 9.52** In disclosing the fees or remuneration paid to the trustee-manager in the annual report of a business trust under paragraph 4(a) in Part C, Appendix 9C of the Main LR, the trustee-manager must include the details of the fees paid to it. What are the details that should be disclosed?

The details that should be disclosed include, among others, the breakdown of the fees payable to the trustee-manager such as management fee, trustee fee or performance fee, the rate payable, the frequency of payment and whether such fees are paid in cash or in kind.

- 9.53** Paragraph 6 in Part C, Appendix 9C of the Main LR prescribes that the annual report of the business trust must include the disclosure of the manager's fee to average total asset ratio together with any other ratios that may be appropriate for the specific business of the business trust in its 5 year financial highlights. What are the other ratios envisaged under this requirement?

This may include management fee to operating cash flow ratio.

***Circulars and other requirements***

- 9.54** Paragraph 9.30(2)(c) of the Main LR provides that the obligation on a listed issuer or offeror in an offer for sale of listed securities to submit a draft copy of all circulars and other documents proposed to be sent to the holders of the listed securities, does not apply, amongst others, to any document that is not prepared by the listed issuer or its advisers on its behalf. What are examples of such documents?

Examples of documents that have not been prepared by the listed issuer or its adviser on its behalf, include amongst others, representations made by directors to the listed issuer pursuant to section 128(3) of the Companies Act 1965 and notices issued by trustees to bondholders pursuant to the provisions of a trust deed.

- 9.55** What are the main obligations of a listed issuer or the adviser in respect of the Exempt Circulars given that such circulars will not be perused by Bursa Securities?

Pursuant to paragraph 3.0 of Practice Note 18, the Exempt Circulars must include a statement that Bursa Securities has not perused the circular before its issuance. Further, pursuant to paragraph 9.35 of the Main LR, a listed issuer must submit the requisite number of copies of the Exempt Circulars to Bursa Securities together with a checklist showing compliance with the relevant parts of the Main LR immediately upon issuance of the Exempt Circulars to securities holders. The listed issuer, its directors or adviser must also ensure that the Exempt Circulars comply with the Main LR, including the standard of disclosure prescribed in paragraph 9.32 of the Main LR and the prescribed minimum contents, if any, failing which, Bursa Securities may take enforcement action against the listed issuer, its directors and/or adviser.

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**9.56 What are the areas that Bursa Securities will focus on in respect of the Limited Review Circulars?**

In conducting a limited review, Bursa Securities will only focus on key disclosure areas and not the entire circular. However, Bursa Securities may conduct a full review in circumstances where it deems fit. In any event, listed issuers, their directors and/or advisers must ensure the accuracy and completeness of the Limited Review Circulars pursuant to paragraph 9.32 of the Main LR.

***Others – Default in Payment*****9.57 Paragraph 9.19A(1) of the Main LR among others, requires a listed issuer to immediately announce any default in payment of either interest or principal sums, or both, in respect of debt securities (whether listed or unlisted on Bursa Securities) by the listed issuer. In this regard, what would constitute a default in payment in respect of debt securities?**

Default in payments in respect of debt securities includes -

- (a) default in payments of the interest or principal sum or both in respect of loan stocks or bonds;
- (b) default in payments under a debenture.

**9.58 Does a listed issuer have to make an immediate announcement when its 49% associated company defaults in payment of either interest or principal sums but the associated company's bankers do not issue any notices/demand letter?**

Pursuant to paragraph 9.19A(1)(b) of the Main LR, any such default in payments (as envisaged in the loan/credit facility agreement) including by an associated company of a listed issuer which is material (i.e. vis-à-vis the group) would require immediate announcement irrespective of whether a notice or demand has been issued by the bankers.

**9.59 With effect from 27 January 2015, Practice Note 1 will be deleted from the Main LR and the requirements relating to default in payment will be set out in paragraph 9.19A of the Main LR instead.**

- (a) ***DEF Bhd***, a listed issuer, triggers the criteria for default in payment on 30 January 2015. Which template under Bursa LINK should ***DEF Bhd*** use to make the immediate announcement and monthly status updates required under paragraph 9.19A of the Main LR?

***DEF Bhd*** must make the required immediate announcement and monthly status updates in the “**General Announcement**” template under the main keyword “**Others**” in the “Subject” column. There will no longer be any sub keyword in the “Subject” column for a default in payment announcement.

- (b) If *DEF Bhd* triggered the criteria for default in payment under Practice Note 1 on 15 January 2015 which was announced by *DEF Bhd* on the same date, which template under Bursa LINK should *DEF Bhd* use to make the announcement of the default in payment as well as the monthly status updates?

*DEF Bhd* must make the required immediate announcement and monthly status updates in the following manner:

- (i) the announcement of the default in payment on 15 January 2015 should be made in the “**General Announcement**” template under the main keyword “**Practice Note 1/Guidance Note 5**” and sub keyword “**New Default**” in the “Subject” column; and
- (ii) the announcement of the monthly status update in February 2015 and thereafter should be made in the “**General Announcement**” template under the main keyword “**Others**” in the “Subject” column. There will no longer be any sub keyword in the “Subject” column for the monthly status update announcement.

- 9.60 *A Berhad’s* net assets based on the latest published or announced financial statements is RM100 million. *A Berhad* has procured a credit facility of RM8 million from a bank and has withdrawn RM5 million from the facility as at 30 August 2009. On 30 August 2009, *A Berhad* defaults in the repayment of a monthly installment of RM100,000. As a result, the bank recalls the credit facility and demanded that *A Berhad* repays the bank the total outstanding sum due and owing under the credit facility amounting to RM5 million.

In this case, what is the “total amount outstanding of the defaulted credit facility” referred to in paragraph 9.19A(1)(a) of the Main LR in determining whether *A Berhad* is required to announce the default under paragraph 9.19A of the Main LR?

The “total amount outstanding of the defaulted credit facility” referred to in paragraph 9.19A(1)(a) of the Main LR is the total outstanding sum due and owing under the credit facility when the bank issued the demand, i.e. RM5 million.

9.61 The facts of the matter are as follows:

- *X Berhad* has a financial year end on 31 December.
- *X Berhad's* net assets as at 30 June 2015, based on its latest financial statements published on 30 July 2015 is RM250 million.
- In 2015, *X Berhad* had defaulted in the following payments of its credit facilities/debt securities:

Date	Default in payments	Total Amount Outstanding (RM'000)
31 July 2015	Default in repayment of loan instalments to <i>Bank A</i> ("Default 1")	10,000
21 August 2015	Default in payment of interests due to bond holders which had become due and payable ("Default 2")	4,000

Based on the facts above, is *X Berhad* required to immediately announce each default in payment pursuant to paragraph 9.19A of the Main LR?

Under paragraph 9.19A(1)(a) of the Main LR, a listed issuer must immediately announce any default in payment where the total amount outstanding either **singly or collectively** is 5% or more of the net assets of the listed issuer based on the latest published or announced financial statements. In this regard, the table below clarifies the immediate announcement obligation of *X Berhad* as required under paragraph 9.19A(1)(a) of the Main LR:

Date	Default in Payments	Total Amount Outstanding (RM'000)	Immediate Announcement Required?
31 July 2015	Default 1	10,000	<b>No</b> as total amount outstanding of Default 1 is only 4% of the net assets.
21 August 2015	Default 1 (which is still outstanding) and Default 2	14,000	<b>Yes</b> as the total amount outstanding of Default 1 and Default 2 are collectively 5.6% of the net assets.

9.62 The facts of the matter are as follows:

- *X Berhad* has a financial year end on 31 December.
- *X Berhad's* net assets as at 30 June 2015, based on its latest financial statements published on 30 July 2015 is RM250 million.
- *X Berhad's* net assets as at 30 September 2015, based on its latest financial statements published on 23 November 2015 is RM200 million.
- In 2015, *X Berhad* had defaulted in the following payments of its credit facilities/debt securities:

Date	Default in payments	Total Amount Outstanding (RM'000)
31 July 2015	Default in repayment of loan instalments to <i>Bank A</i> ("Default 1")	10,000
21 August 2015	Default in payment of interests due to bond holders which had become due and payable ("Default 2")	1,500

Based on the facts above, is *X Berhad* required to immediately announce each default in payment pursuant to paragraph 9.19A of the Main LR?

The table below clarifies the immediate announcement obligation of *X Berhad* as required under paragraph 9.19A(1)(a) of the Main LR:

Date	Default in Payments	Total Amount Outstanding (RM'000)	Immediate Announcement Required?
31 July 2015	Default 1	10,000	<b>No</b> as total amount outstanding of Default 1 is only 4% of the net assets as at 30 July 2015.
21 August 2015	Default 1 (which is still outstanding) and Default 2	11,500	<b>No</b> as the total amount outstanding of Default 1 and Default 2 are collectively only 4.6% of the net assets as at 30 July 2015.

Date	Default in Payments	Total Amount Outstanding (RM'000)	Immediate Announcement Required?
23 November 2015	Default 1 and Default 2 (which are still outstanding)	11,500	<b>Yes</b> as the total amount outstanding of Default 1 and Default 2 are collectively 5.75% of the net assets as at 23 November 2015.

**9.63 If a listed issuer, its major subsidiary or major associated company commits a default in payment pursuant to paragraph 9.19A of the Main LR, when does the listed issuer have to furnish a statement of solvency declaration to Bursa Securities?**

The statement of solvency declaration duly executed by the board of directors of the listed issuer must be submitted via fax and mail to the Head of Listing, Bursa Securities within 3 market days from the date of the announcement on the default in payment pursuant to paragraph 9.19A of the Main LR.

**9.64 If a listed issuer has negative net assets, how should the listed issuer determine how material a default in payment is for the purpose of making an announcement under the Main LR?**

Where a listed issuer has negative net assets, any amount in default will be considered as material pursuant to paragraph 9.19A(2) of the Main LR and the listed issuer must announce any amount in default.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 3 May 2016)**

**CHAPTER 10 – TRANSACTIONS**

***Definition of “transaction”***

**10.1 Is the definition of "transaction" the same for both non-related party and related party transactions?**

No, there is a different definition of "transaction" in the context of non-related party transactions and related party transactions respectively.

In the context of non-related party transactions, it means acquisitions or disposals of assets by a listed issuer or its subsidiaries and includes any of the following actions undertaken by the listed issuer:

- disposing of; or
- granting, accepting, exercising or discharging an option or any other right or obligation, present or future, conditional or unconditional, to dispose of,

the listed issuer's developmental rights, all or substantially all its rights, benefits, or control in an asset. However, it excludes transactions of a revenue nature in the ordinary course of business.

In the context of related party transactions, it includes acquisitions, disposals or leasing of assets, establishment of joint ventures, provision of financial assistance, provision or receipt of services or any business transaction or arrangement entered into by a listed issuer or its subsidiaries.

**10.2 For the purpose of Part D of Chapter 10 of the Main LR, would an acquisition or disposal of property by a property development corporation be considered as being “in the ordinary course of business”?**

No, Bursa Securities does not consider such transaction as being in the ordinary course of business of a property development corporation. However, where the property development corporation disposes of property which has been developed in the ordinary course of its business as a property developer, the listed issuer concerned would be excluded from complying with the provisions under Part D of Chapter 10. An example would be the sale of completed link houses, bungalows or bungalow lots by the property development corporation.

**10.3 Is the receipt of financial assistance by a listed issuer or its subsidiaries from a major shareholder or director considered a “transaction” for the purpose of Part E, Chapter 10 of the Main LR?**

No, the receipt of financial assistance by a listed issuer or its subsidiaries from a major shareholder or director is not “provision of financial assistance” as envisaged under paragraph 10.02(l) and therefore, it is not a “transaction” for the purposes of Part E of Chapter 10 of the Main LR.



- 10.4** *A Bhd*, a listed issuer entered into a transaction with *B Sdn Bhd* to purchase shares of a company. *A Bhd* paid a deposit of RM10 million for the said purchase. *A Bhd* obtained shareholder approval for the said purchase. Subsequently, the said purchase was aborted. Instead, *B Sdn Bhd* offered land of equivalent market value, in settlement of the deposit of cash to be refunded. Will the acceptance of the land in settlement of the debt owed by *B Sdn Bhd* be considered as a new transaction, which may trigger the obligations set out in Chapter 10 of the Main LR?

Yes, the acceptance of the land in settlement of the debt owed by *B Sdn Bhd* to *A Bhd* will be considered a new transaction which may trigger the obligations set out in Chapter 10 of the Main LR.

- 10.5** What amounts to an “interest” as referred to in the definition of related party transaction set out in paragraph 10.02(k) of the Main LR?

Interest includes directorships, shareholdings (direct or deemed), commissions or such other benefits received or derived from the transaction.

- 10.6** Are outstanding receivables of a related party deemed to be financial assistance by a listed issuer?

“Financial assistance” is regarded as a transaction for purposes of Part E of Chapter 10 and is defined to include forgiving a debt or releasing or neglecting to enforce a financial obligation of another. In this regard, outstanding receivables of a related party which are written off or neglected to be enforced would be regarded as a related party transaction.

#### **General requirements**

- 10.7** Where the listed issuer and its subsidiary are both listed on the Official List of Bursa Securities and the listed subsidiary enters into a transaction that requires an announcement to be made pursuant to Chapter 10 of the Main LR, is the announcement to be made by both the listed issuer and its listed subsidiary?

No, only the listed subsidiary is required to make the announcement pursuant to Chapter 10 of the Main LR. The listed issuer would not be required to make the announcement.

- 10.8** Similarly, if the listed subsidiary aforesaid enters into a transaction that requires, amongst others, shareholder approval to be obtained, pursuant to Chapter 10 of the Main LR, will the listed issuer also be required to obtain the shareholder approval under the Main LR?

No, only the listed subsidiary is required to obtain shareholder approval pursuant to Chapter 10 of the Main LR.

**Computation of percentage ratio****10.9 If the transaction is entered into, not by the listed issuer but by its subsidiary, how are the percentage ratios referred to in paragraph 10.02(g) of the Main LR applied?**

In applying the percentage ratios the listed issuer should take into account its interest in the subsidiary in question. For example, *A Bhd*, a listed issuer, has a 60% owned subsidiary, *B Sdn Bhd*. *B Sdn Bhd* acquires a piece of land for the consideration of RM10 million. The calculation of the percentage ratio in respect of paragraph 10.02(g)(iii) should be as follows:

60% x RM10 million  
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Net assets of *A Bhd* on consolidated basis

**10.10 Does a listed issuer need to exclude treasury shares when computing the percentage ratios of a transaction?**

A listed issuer must exclude treasury shares in computing the -

- (a) equity share capital previously in issue under paragraph 10.02(g)(iv); and
- (b) market value of all the ordinary shares of the listed issuer under paragraph 10.02(g)(v),

when determining the percentage ratio of a transaction under Chapter 10 of the Main LR.

**10.11 If the application of a prescribed percentage ratio to a transaction results in an anomalous result (for example, a negative figure), must it still be applied?**

No, such percentage ratio may be disregarded in such circumstances.

**10.12 *XY Bhd*, a listed issuer has positive net assets. It enters into a transaction to acquire a piece of land from *A* (“Land Transaction”), an unrelated party for RM1 million which is payable by *XY Bhd* wholly in cash. Pursuant to paragraph 10.02(g) of the Main LR, the only applicable percentage ratio of the said transaction which exceeds 5% is paragraph 10.02(g)(v) (“Market Cap Test”). Is *XY Bhd* required to comply with the relevant provisions of Part D of Chapter 10 of the Main LR? Similarly, will *XY Bhd* be required to comply with the relevant provisions of Part D of Chapter 10 of the Main LR if the parties agree that the consideration for the Land Transaction be in the form of *XY Bhd*’s shares?**

Pursuant to paragraph 10.03(8) of the Main LR, if *XY Bhd* pays for the land in cash, the Market Cap Test will not be applicable. As such, *XY Bhd* will not be required to comply with Part D of Chapter 10 because all the other applicable percentage ratios are less than 5%.

However, if the payment for the land is settled by issuance of *XY Bhd*’s new listed shares (partly or wholly) and the percentage ratio of the same pursuant to the Market Cap Test is 5% or more, *XY Bhd* will be required to comply with the relevant provisions of Part D, Chapter 10 of the Main LR.

- 10.13** The following question is based on similar facts as set out in Question 10.12 above, except that in this instance, *XY Bhd* has negative net assets. All the relevant percentage ratios are found to be inapplicable or produce anomalous results except for the Market Cap Test. In light of this, will *XY Bhd* be required to comply with Part D, Chapter 10 of the Main LR in relation to the Land Transaction where *XY Bhd* pays for the land in cash?

Pursuant to paragraph 10.03(8) of the Main LR, the Market Cap Test will only be applicable if –

- (a) the Land Transaction involves consideration in the form of listed shares; or
- (b) all the other percentage ratios produce anomalous results or are inapplicable.

In this respect, as all the other relevant percentage ratios are inapplicable or produce anomalous results, even if *XY Bhd* pays for the land wholly in cash, *XY Bhd* will have to ensure that the relevant provisions of Part D, Chapter 10 of the Main LR are complied with.

- 10.14** In relation to any acquisition or disposal of equity interest in a corporation, when will the total assets ratio provided in paragraph 10.02(g)(vi) of the Main LR (“Total Assets Ratio”) be applicable?

Pursuant to paragraph 10.03(9) of the Main LR, in relation to any acquisition or disposal of equity interest in a corporation, the Total Assets Ratio is applicable –

- (a) if the acquisition will result in such corporation’s total asset being consolidated into the group accounts after the acquisition; or
- (b) in the disposal where such corporation’s total asset has been consolidated in the group accounts before the disposal.

- 10.15** For the purposes of computation of indicators of materiality under Chapter 10 of the Main LR, must a listed issuer submit a copy of the external auditors’ review report to Bursa Securities?

Yes, a copy of the external auditors’ review report must be furnished by the listed issuers to Bursa Securities where the figures used such as in the case of total assets, net assets, net book value of assets, net profits and cost of investment are based on the published or announced interim or unaudited financial report which must be the latest.

### **Valuation**

- 10.16** What is considered as real estate for the purpose of determining whether the requirement for a valuation under paragraph 10.04 of the Main LR is applicable?

For the purpose of determining whether the requirement of paragraph 10.04 of the Main LR is applicable, real estate means land and all things that are a natural part of the land as well as all things attached to the land both below and above the ground and includes the rights, interests and benefits related to the ownership of the real estate.

Examples of the rights, interests and benefits related to the ownership of the real estate including development rights, timber concession, mining concession etc.

10.17 Paragraph 10.04 of the Main LR requires a valuation to be conducted when a transaction involves an acquisition or disposal of any real estate, and when the percentage ratio of the transaction is 5% or more for a related party transaction or 25% and more for a transaction falling under Part D of Chapter 10 of the Main LR. What will be considered as a transaction which “involves an acquisition or disposal of any real estate”?

This will be the acquisition or disposal of real estate or corporation(s) with real estate.

The following table further clarifies the requirement on valuation report pursuant to paragraph 10.04 of the Main LR:

	Transaction which percentage ratio is –	Valuation required to be conducted and valuation report submitted to Bursa?
	<ul style="list-style-type: none"> <li>▪ <math>\geq 25\%</math> pursuant to Part D (Transaction), Chapter 10 of the Main LR; or</li> <li>▪ <math>\geq 5\%</math> pursuant to Part E (Related Party Transaction), Chapter 10 of the Main LR</li> </ul>	
(i)	Acquisition or disposal of <u>a real estate</u>	Yes
(ii)	Acquisition or disposal of <u>a property development/property investment corporation</u> **	Yes, the valuation report must be submitted for all material real estate.
(iii)	Acquisition or disposal of a corporation (other than defined in (ii)) which owns real estate	Yes, only if the real estate has been revalued and the revalued amount is used as the basis in determining the purchase or disposal consideration

\*\*“**property development corporation**” means a corporation whose core business is in –

- (a) development or redevelopment of real estate; or
- (b) real estate with development potential,

and includes those rights to develop pursuant to a joint venture agreement, privatisation agreement or some other forms of joint arrangement.

“**property investment corporation**” means a corporation whose core business is in –

- (a) the holding of investment properties for letting and retention as investments; or
- (b) the purchase of investment properties for subsequent sale.

- 10.18 In an acquisition or disposal of a manufacturing corporation by a listed issuer, a revaluation on all the manufacturing corporation's lands, plant and machinery for the purpose of determining the purchase consideration of the said corporation has been carried out. In this situation, is a submission of a valuation report to Bursa Securities required?**

Pursuant to paragraph 10.04 of the Main LR, a valuation report only needs to be submitted for the real estate. The listed issuer need not submit a valuation report on the plant and machinery.

- 10.19 A Sdn Bhd revalued its real estate 5 years ago. PLC B plans to acquire A Sdn Bhd. Pursuant to paragraph 10.04 of the Main LR, such acquisition requires a valuation report to be submitted to Bursa Securities. Can PLC B use the revaluation report conducted 5 years ago by A Sdn Bhd, for the purpose of submission to Bursa Securities under paragraph 10.04 of the Main LR?**

No, pursuant to paragraph 10.04(2)(b) of the Main LR, PLC B must ensure that the date of valuation which forms the basis of the valuation certificate included in the circular is not more than 6 months before the date of circular issued to shareholders.

- 10.20 When a valuation report is required, must the listed issuer submit the valuation report to the SC or Bursa Securities?**

A valuation report required under paragraph 10.04 of the Main LR must be submitted to Bursa Securities. A listed issuer need not submit the report to the SC.

- 10.21 Must a valuer who is required to submit an undertaking to Bursa Securities under paragraph 10.04 of the Main LR, file an undertaking each time it acts for a listed issuer?**

No, a valuer is required to provide Bursa Securities its letter of undertaking to comply with the Main LR once. The same undertaking will be applicable for all listed issuers which the valuer acts for.

### ***Related party transactions***

- 10.22 Must a listed issuer immediately announce all related party transactions?**

A listed issuer must immediately announce all the following related party transactions:

- (a) related party transactions which do not fall within the category of recurrent related party transaction of a revenue or trading nature and necessary for its day to day operations ("RRPT") and -
- (i) the value of the consideration of the transaction is RM500,000 or more; and
  - (ii) the percentage ratio of such related party transaction is 0.25% or more; and

- (b) RRPTs which are not comprised in a valid mandate from its shareholders ("**Mandate**") and -
- (i) in relation to a listed issuer with an issued and paid-up capital of RM60 million and above, the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more, or the percentage ratio of such RRPT is 1% or more, whichever is the higher; or
  - (ii) in relation to a listed issuer with an issued or paid-up capital of less than RM60 million, the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more, or the percentage ratio of such RRPT is 1% or more, whichever is the lower,
- ("Prescribed Limit").

**10.23** *P Bhd*, a listed issuer enters into a sale and purchase agreement with an unrelated party, *Q Bhd* to acquire a piece of property from *Q Bhd* for RM1 million ("**Land Acquisition**"). In consideration of the Land Acquisition, *P Bhd* issues to *Q Bhd* 500,000 new *P Bhd*'s shares of RM1 each ("**Consideration Shares**") and RM500,000 cash. The Land Acquisition is subject to conditions, including the requirement that *Company X*, a major shareholder of *P Bhd* must underwrite the sale of the Consideration Shares by *Q Bhd* subsequently ("**Underwriting Arrangement**"). Is the Land Acquisition a related party transaction?

Yes, as the Land Acquisition is conditional upon the Underwriting Arrangement and involves the indirect interest of a major shareholder of *P Bhd* (i.e. *Company X*), the Land Acquisition is a related party transaction.

**10.24** *S Bhd*, a listed issuer enters into a subscription agreement with an unrelated party, *Mr A* to issue *Mr A* 50,000 new *S Bhd*'s shares of RM1 each ("**New Shares**"). The completion date of the subscription agreement is 6 months from 1 January 2010. On 1 April 2010, *Mr A* enters into a share sale agreement with *Mr B*, a director and a major shareholder of *S Bhd* for the sale of the New Shares ("**Shares Sale Agreement**"). Prior to this, *Mr B* has never had any dealings with *Mr A*. In addition, the Shares Sale Agreement was never envisaged on or before the execution of the subscription agreement between *S Bhd* and *Mr A*. On 30 April 2010, *S Bhd* and *Mr A* enter into a supplemental agreement in relation to the New Shares varying amongst others, the purchase price ("**Supplemental Agreement**"). Will *S Bhd* be required to comply with Part E of Chapter 10 of the Main LR in relation to the Supplemental Agreement?

Yes, the Supplemental Agreement will be regarded as a related party transaction as it involves the indirect interest of a director and major shareholder of *S Bhd* i.e. *Mr B* and hence, *S Bhd* would be required to comply with Part E of Chapter 10.

- 10.25** *X Bhd*, a listed issuer has obtained a general mandate pursuant to paragraph 10.09 of the Main LR (“Mandate”) for provision of financial assistance to its subsidiaries, which constitute related party transactions. If the actual provision of financial assistance exceeds the corresponding value or amount prescribed in the Mandate, does *X Bhd* have to make an announcement in relation to the excess amount?

Yes, pursuant to paragraph 3.4(a)(ii) of Practice Note 12, if the actual amount of financial assistance provided exceeds the corresponding amount in the Mandate, *X Bhd* must immediately announce the same notwithstanding that the excess amount does not trigger the Prescribed Limit as referred to in Question 10.22. In addition, if the percentage ratio of the amount of financial assistance provided or rendered in excess of the value or amount prescribed in the Mandate is 5% or more, *X Bhd* must also comply with the relevant requirements of paragraph 10.08 of the Main LR.

- 10.26** In respect of a related party transaction where the percentage ratio is 5% or more but less than 25%, an independent adviser must be appointed by the listed issuer in respect of such transaction. Does the independent adviser have to provide a confirmation to Bursa Securities of its eligibility to act as an independent adviser?

No, such a confirmation by an independent adviser is not required under the Main LR and only a general undertaking letter under paragraph 2.21(1) of the Main LR is required. However, an independent adviser must ensure its independence within the definition of independence under paragraph 1.01 of the Main LR. Under paragraph 10.08(5) of the Main LR, Bursa Securities has the discretion not to allow an independent adviser to continue to act or be appointed as an independent adviser if in its opinion, the adviser is deemed not to be independent. Bursa Securities may also take enforcement action against independent advisers who misrepresented their independence.

- 10.27** What are the duties of an interested director in relation to the related party transaction under this Chapter?

Pursuant to paragraphs 10.08(6) to (8) of the Main LR, an interested director is imposed with an obligation to ensure that the board of directors is notified of the nature and extent of his interests. He must also abstain from board deliberation and voting on the relevant resolution in respect of the transaction. In addition, he must also ensure that persons connected with him also abstain from voting on the relevant resolution in respect of the transaction.

- 10.28** What is meant by “investee corporation” as used in paragraph 10.08(11)(q) of the Main LR?

“Investee corporation” as used in paragraph 10.08(11)(q) refers to any corporation in which the listed issuer has direct or indirect shareholdings.

- 10.29** Does the term “another person” as used in paragraph 10.08(11)(c), (g), (k), (l), (m), (n) and (o) of the Main LR include investee companies of the listed issuer?

Yes, “another person” includes investee companies of the listed issuer.



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**10.30 What is meant by “no other interested relationship” as used in paragraph 10.08(11)(c), (l), (m), (n) and (o) of the Main LR?**

For the purposes of paragraph 10.08(11)(c), (l), (m), (n) and (o) of the Main LR, there would be “no other interested relationship” if the transaction does not involve any other interest of related party(ies).

**10.31 Other than prices or charges, what are the “material terms” as envisaged under paragraph 10.08(11)(g)(ii) of the Main LR?**

The phrase “material terms” would include terms such as the mode of payment or settlement or the period of settlement.

**10.32 If the listed issuer gives discounts on the provision of its goods on the basis of volume or bulk purchases to all its customers, can such provision still fall within the exemption set out in paragraph 10.08(11)(g) of the Main LR?**

Yes, provided that the provision of goods meets the conditions set out in paragraph 10.08(11)(g). However, discounts given or granted purely on the basis that the customer is a related party will not meet the condition that “all material terms are applied consistently to all customers or classes of customers.”

**10.33 *ZZ Bhd*, a listed issuer, is an investment holding company and it has one main subsidiary, *YY Sdn Bhd* which conducts stockbroking business. *YY Sdn Bhd* provides a wide range of products or services to its clients which may involve related parties. As *ZZ Bhd*’s main business involves or relates to dealings in securities, can *ZZ Bhd* rely on paragraph 10.08(11)(g) of the Main LR in respect of dealings in securities involving related parties to state that such transactions are not related party transactions, particularly since securities do not fall within the ambit of paragraph 10.08(11)(g) of the Main LR?**

The products or services provided by *ZZ Bhd* to its related parties such as taking orders to acquire or dispose securities, nominees and custody services which although are in relation to securities, would come within the ambit of “stockbroking services” under paragraph 10.08(11)(g) of the Main LR. Therefore, offering of such products or services to *ZZ Bhd*’s related parties would not be considered as related party transactions provided that all conditions in paragraph 10.08(11)(g) of the Main LR are fulfilled. However, *ZZ Bhd*’s dealings in securities as a principal would not be exempted under paragraph 10.08(11)(g) of the Main LR (as the definition of “goods” excludes securities) and therefore, would be regarded as related party transactions if they involve interests of related parties.

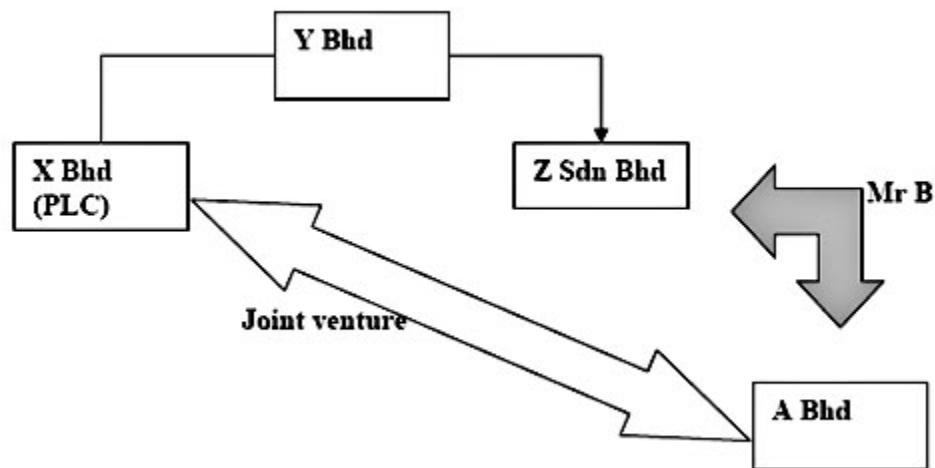
**10.34 In order to come within the ambit of “published or publicly quoted” as provided under paragraph 10.08(11)(g) of the Main LR, must the prices be advertised to the public?**

In order to satisfy the criterion of “published or publicly quoted” under paragraph 10.08(11)(g), the prices need not be advertised. So long as the pre-determined prices are or can be made readily available to the public or customers, this criterion is deemed satisfied.



- 10.35 *X Bhd*, a listed issuer, has a holding company, i.e. *Y Bhd*. *Y Bhd* has a subsidiary, *Z Sdn Bhd*. *X Bhd* is proposing to enter into a joint venture arrangement with *A Bhd*. *Mr B* who is a director and substantial shareholder of *Z Sdn Bhd* is also a substantial shareholder of *A Bhd*. Assuming that *Mr B* has no interest in *X Bhd* or *Y Bhd*, is this a related party transaction?

*Illustration 1*



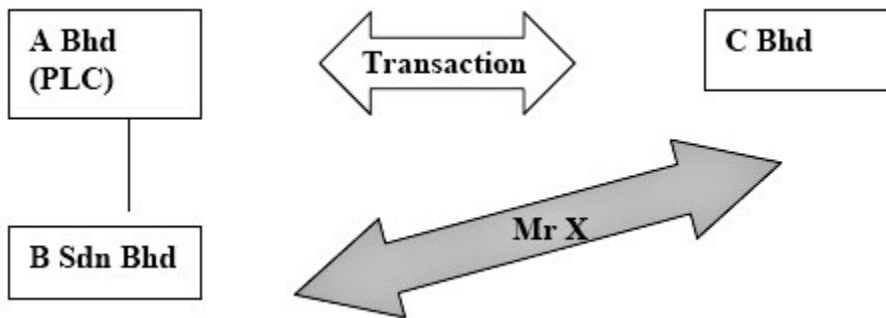
No, based on the above facts, in view of the definition of “related party” under the Main LR, the joint venture with *A Bhd* is not a related party transaction as it does not involve the interest of any related party (i.e. directors, major shareholders or persons connected with them) of *X Bhd* and *Y Bhd*.

- 10.36 Referring to the facts as set out in Question 10.35 above, will a transaction between *X Bhd* and *Z Sdn Bhd* be deemed a related party transaction?

Yes, a transaction between *X Bhd* and *Z Sdn Bhd*, its sister company, will be deemed to be a related party transaction as it involves the interests of a common major shareholder, *Y Bhd*.

- 10.37 *A Bhd*, a listed issuer, is entering into a transaction with *C Bhd*. *Mr X* who is a director of a subsidiary of *A Bhd*, i.e. *B Sdn Bhd*, is also a director and a substantial shareholder of *C Bhd*. *A Bhd* has no holding company. Assuming that *Mr X* has no interest in *A Bhd*, is this a related party transaction?

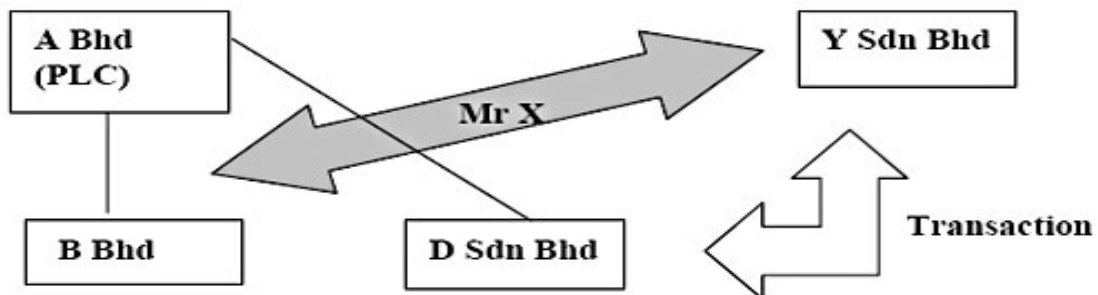
Illustration 2



No, based on the facts above, this transaction is exempted under paragraph 10.08(11)(n) of the Main LR.

- 10.38 *D Sdn Bhd*, a subsidiary company of *A Bhd*, the listed issuer, is entering into a transaction with *Y Sdn Bhd*. *Mr X* who is a director of *B Bhd*, a subsidiary of the listed issuer is also a director and a substantial shareholder of *Y Sdn Bhd*. *A Bhd* has no holding company. Assuming that *Mr X* has no interest in *A Bhd*, is this a related party transaction?

Illustration 3



No, based on the facts above, this transaction is exempted under paragraph 10.08(11)(o) of the Main LR.

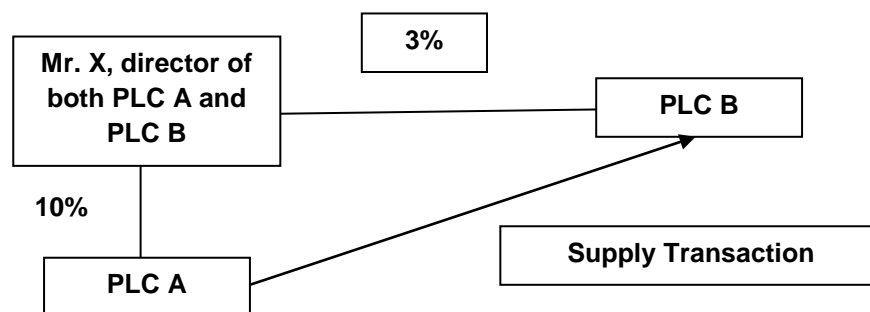
- 10.39** Referring to the facts as set out in Question 10.38 above, *D Sdn Bhd*, is entering into a transaction with *Y Sdn Bhd*. *Mr Z* who is a director and a substantial shareholder of *D Sdn Bhd* is also a director and a substantial shareholder of *Y Sdn Bhd*. *A Bhd* has no holding company. Assuming that *Mr Z* has no interest in *A Bhd*, the listed issuer, is this a related party transaction?

Yes, this situation is considered a related party transaction. However, pursuant to paragraph 10.08(9) of the Main LR, *A Bhd* does not need to obtain shareholder approval, issue a circular or appoint an independent adviser. *A Bhd* must however make an announcement which contains the prescribed information under paragraph 10.08(1) of the Main LR. In addition, the board of directors of *A Bhd* must approve the transaction before the terms of the transaction are agreed upon and ensure that the transaction is fair and reasonable to *A Bhd* and is in the best interests of *A Bhd*.

- 10.40** *X Bhd* is a listed issuer. *X Bhd* holds 20% of the total shares in *Y Sdn Bhd*. *Mr. A* is a major shareholder of *X Bhd* and *Y Sdn Bhd*. *X Bhd* intends to dispose of its 20% shareholding in *Y Bhd* to the shareholders in *X Bhd*, including *Mr. A*, on a pro-rata basis via a restricted offer for sale. Will this be considered as a related party transaction?

No, pursuant to paragraph 10.08(11)(q) of the Main LR, this disposal will not be considered as a related party transaction.

- 10.41** *PLC A* and *PLC B* are listed issuers. *Mr. X* is the common director of *PLC A* and *PLC B*. *Mr. X* has shareholdings of 10% in *PLC A* and 3% in *PLC B* respectively. *PLC A* enters into a supply transaction with *PLC B*. What is the nature of the supply transaction vis-à-vis *PLC A* and *PLC B*?



In so far as *PLC A* is concerned, the supply transaction would not be regarded as a related party transaction pursuant to paragraph 10.08(11)(c) of the Main LR provided that *Mr. X* does not receive or derive any benefits from *PLC A* and *PLC B* in relation to the said transaction. The transaction would however be regarded as a related party transaction vis-à-vis *PLC B*.

10.42 *ABC Berhad* and/or its subsidiaries propose(s) to enter into the following transactions:

No.	Details of transactions	Party(ies)	Highest percentage ratio triggered	Value of consideration given or received
1.	Transaction 1 in September 2009	<i>ABC Berhad</i> and <i>Mr. X</i> , a major shareholder of <i>ABC Berhad</i>	5%	RM100,000
2.	Transaction 2 in October 2009	<i>ABC Berhad</i> and <i>Syarikat 123 Sdn Bhd</i> , a joint venture company of <i>ABC Berhad</i> and <i>Mr. Z</i> , a major shareholder of <i>ABC Berhad</i> .	0.22%	RM500,000

**What are the obligations of *ABC Berhad* in relation to the above transactions?**

The obligations of *ABC Berhad* are as follows:

Transaction 1

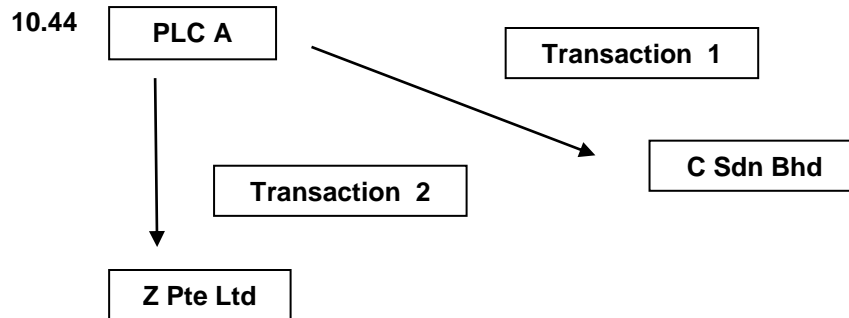
Pursuant to paragraph 10.08(1)(a) of the Main LR, no obligation is triggered by *ABC Berhad* in relation to the related party transaction as even though the highest percentage ratio triggered is 5% (i.e. threshold for shareholder approval for related party transactions), the value of consideration given is less than RM500,000.

Transaction 2

Pursuant to paragraph 10.08(1) of the Main LR, as the highest percentage ratio is less than 0.25%, no requirement is imposed on *ABC Berhad* to immediately announce the related party transaction.

10.43 *Mr. X* holds an aggregate nominal amount of 8% of the voting shares in *ABC Berhad*, a listed issuer and he is not the largest shareholder of *ABC Berhad*. Is he a major shareholder in *ABC Berhad* under Chapter 10 of the Main LR?

No, even though he holds more than 5% of the aggregate of the nominal amounts of all the voting shares in *ABC Berhad* (“**shareholdings**”), he is not regarded as a major shareholder of *ABC Berhad* under Chapter 10 of the Main LR as he holds less than 10% of the shareholdings and is not the largest shareholder of *ABC Berhad*.



**PLC A proposes to enter into Transactions 1 and 2 with C Sdn Bhd and Z Pte Ltd respectively. The terms and conditions of the transactions were agreed upon on 30 January 2010. Mr. C, a director and major shareholder of C Sdn Bhd, was also a director and major shareholder in PLC A but has resigned as a director of and disposed of his shares in PLC A on 1 September 2009 and 29 September 2009 respectively. Mr. Z, a director and major shareholder of Z Pte Ltd, was also a major shareholder of PLC A before 1 March 2009. Are Transactions 1 and 2 related party transactions?**

As Transaction 1 involves the interest of Mr. C who was a director and major shareholder of PLC A within the preceding 6 months from 30 January 2010, Transaction 1 is regarded as a related party transaction pursuant to the Main LR.

However, as Transaction 2 merely involves the interest of Mr. Z who is no longer a major shareholder within the preceding 6 months from 30 January 2010, Mr. Z is not regarded as a major shareholder under the new definition of “major shareholder” and Transaction 2 would not be regarded as a related party transaction pursuant to the Main LR.

***Recurrent related party transaction of a revenue or trading nature and necessary for its day to day operations (“RRPT”)***

**10.45 If the relevant percentage ratio of a RRPT exceeds 0.25%, must a listed issuer announce the RRPT?**

No, the threshold set out in paragraph 10.08(1) i.e. if the relevant percentage ratio is 0.25% or more is not applicable to RRPTs. The obligation to immediately announce RRPTs (where no mandate has been obtained) is set out in paragraph 10.09(1) of the Main LR.

**10.46 Must a listed issuer obtain shareholder approval for RRPTs, where such transactions reach the threshold that requires shareholder approval?**

Yes, however, the shareholder approval may be in the form of a general mandate from shareholders procured on a yearly basis pursuant to paragraph 10.09 of the Main LR. Where no general mandate is obtained from its shareholders, specific shareholder approval must be obtained for such transactions that reach the threshold which requires shareholder approval before the said transaction is completed.

- 10.47 Must a listed issuer appoint a main adviser for a RRPT, where such transaction triggers the percentage ratio of 25% or more and specific shareholders' approval (instead of a general mandate) is sought for the RRPT?**

Under paragraph 10.08(4) of the Main LR, the listed issuer is no longer required to appoint a main adviser for such RRPT. This however, does not restrict the listed issuer from appointing a Principal Adviser for the RRPT if it wishes to do so.

Notwithstanding the above, the listed issuer must still appoint an independent adviser for the RRPT where specific shareholder approval is sought.

- 10.48 A Berhad obtains a general mandate from its shareholders on 3 September 2009 for among others, RRPT with its major shareholder, Mr. X, as follows:**

- (i) supply of cement for an estimated value of RM2 million; and
- (ii) rental of cranes for an estimated value of RM5 million.

After obtaining the general mandate, assuming -

- (a) the actual value of the RRPT entered into by *A Berhad* with *Mr. X* up to 3 June 2010 is RM8 million, what is the obligation of *A Berhad* under the Main LR in regard to the deviation between the estimated and actual value of the RRPT?

Since the actual value of the RRPT entered into by *A Berhad* with *Mr. X* exceeds the estimated value of the RRPT by 10% or more, *A Berhad* must immediately announce the deviation to Bursa Securities pursuant to paragraph 10.09(2)(e) of the Main LR ("Announcement 1"). *A Berhad* must include in Announcement 1 the information set out in Annexure PN12-B of Practice Note 12.

- (b) up to 15 July 2010, the actual value of the RRPT entered by *A Berhad* with *Mr. X* has increased to RM8.6 million, must *A Berhad* announce the RRPT again?

No, *A Berhad* is only required to announce the RRPT again when there is an increment of at least RM0.7 million (i.e. 10% of the general mandate estimated value of RM7 million) to the actual amount disclosed in Announcement 1.

- 10.49 A Bhd's AGM for its financial year ended 31 December 2008 was held on 8 May 2009 ("2009 AGM"), while the AGM for its financial year ending 31 December 2009 falls on 20 May 2010 ("2010 AGM"). During its 2009 AGM, A Bhd obtained its shareholder mandate for some RRPTs. A Bhd intends to obtain its shareholder approval to renew the RRPTs at the 2010 AGM. Pursuant to paragraph 14 of Annexure PN12-A, in its circular to renew the RRPTs, A Bhd must disclose the actual value transacted of each RRPT from the date on which the mandate was obtained (8 May 2009) up to the latest practicable date before the printing of the circular (assuming it falls on 15 April 2010) ("Actual Value"). Must this Actual Value be audited?**

No, the Actual Value need not be audited. *A Bhd* may extract the Actual Value from its management accounts.

- 10.50 Pursuant to paragraph 3 of Annexure PN12-A, a listed issuer has to disclose, among others, the “estimated aggregate value of the respective Recurrent Related Party Transactions contemplated under the Mandate” (“Estimated Value”). What are the RRPTs covered under the Estimated Value?**

For the purpose of paragraph 3 of Annexure PN12-A, the listed issuer must disclose the Estimated Value in respect of RRPTs expected to be entered into from the date of the current AGM until the date of the next AGM.

- 10.51 Pursuant to paragraph 10.09(2)(e) of the Main LR, a listed issuer must immediately announce to the Exchange when the actual value of a RRPT (“Actual Value”) entered into by the listed issuer, exceeds the estimated value of the RRPT (“Estimated Value”) disclosed in the circular by 10% or more. Can the listed issuer wait until its next AGM (which is the date on which the current mandate expires) to make this announcement?**

No, the listed issuer must make the announcement immediately when it becomes aware that the Actual Value has exceeded the Estimated Value by 10% or more. This applies even though the current mandate has yet to expire. For this purpose, the listed issuer is expected to closely monitor and track the value of the RRPTs transacted, as and when a transaction is entered into.

- 10.52 A Bhd has obtained a mandate from shareholders for entering into the following RRPTs with companies involving the interests of its director, Mr. X:**

Transaction No.	Description	Estimated Value (RM)	Actual Value
1	acquisition of stationery	500,000	520,000 (< 10%)
2	provision of secretarial, accounting and registration services	2,500,000	2,800,000 (> 10%)
3	receipt of insurance services/products	4,000,000	3,500,000
	<b>Total</b>	<b>7,000,000</b>	<b>6,820,000</b>

- (a) For the purpose of determining whether the Actual Value of the RRPTs entered into by A Bhd with Mr. X exceeds the Estimated Value, can A Bhd use the aggregated Estimated Value for Transactions 1, 2 and 3 and compare it to the aggregated Actual Value for the 3 transactions?**

Yes, as Transactions 1, 2 and 3 involve the interests of the same related party, pursuant to paragraph 10.12 of the Main LR, A Bhd may aggregate, the Estimated Value and Actual Value of those transactions respectively and determine whether the aggregated Actual Value exceeds the aggregated Estimated Value by 10% or more, in which case an announcement would be required.

- (b) **Assuming only the Actual Value of Transaction 2 exceeds 10% of its Estimated Value, but the aggregated Actual Value of Transactions 1, 2 and 3 is below the aggregated Estimated Value of the RRPT or does not exceed the aggregated Estimated Value of the RRPT by 10% or more, must *A Bhd* make an announcement under paragraph 10.09(2)(e) of the Main LR relating to Transaction 2 only?**

No, *A Bhd* need not make such announcement for Transaction 2 only. It only needs to announce under paragraph 10.09(2)(e) of the Main LR if the aggregated Actual Value of Transactions 1, 2 and 3 exceeds the aggregated Estimated Value of the RRPT by 10% or more.

**10.53 Pursuant to paragraph 11 of Annexure PN12-A, a listed issuer must disclose the thresholds for the approval of RRPTs within its group of companies.**

- (a) **What is the “approval” referred to in this paragraph 11?**

It refers to the listed issuer’s internal approval.

- (b) **Does Bursa Securities prescribe these thresholds?**

No, the listed issuer may determine the appropriate thresholds for the approval of RRPTs within its group of companies.

- (c) ***A Bhd* currently has its own internal authority matrix for approvals of transactions/procurement. However, this authority matrix makes no distinction between a transaction/procurement which involves the interest of a related party and a transaction/procurement which does not involve the interest of a related party. Can *A Bhd* use this authority matrix for the purpose of disclosure pursuant to paragraph 11 of Annexure PN12-A?**

Yes, so long as the said authority matrix is wide enough to cover the RRPTs for which shareholder approval is being sought, *A Bhd* may use its internal authority matrix for the purpose of disclosure under paragraph 11 of Annexure PN12-A.

**10.54 Pursuant to paragraph 12 of Annexure PN12-A, a listed issuer must include a statement that at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. If a listed issuer can find only one other contemporaneous transaction with an unrelated third party, would it be deemed in compliance with paragraph 12 of Annexure PN12-A?**

Yes, but the listed issuer must disclose in its circular that it has used its best endeavours to locate at least 2 contemporaneous transactions with unrelated third parties, but could only locate one.



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**Major Disposal**

- 10.55** What is meant by “substantially all of a listed corporation’s assets” under the definition of “Major Disposal” in paragraph 10.02(eA) of the Main LR?

Disposal of “substantially all of the listed corporation’s assets” refers to a disposal by a listed corporation of almost all of its assets, which is so material that upon the completion of the transaction, it will result in the listed corporation triggering the criteria for a cash company under paragraph 8.03 and Practice Note 16 or any of the criteria prescribed under paragraph 8.04 and Practice Note 17 of the Main LR.

- 10.56** Under paragraph 10.11A(1)(bA) of the Main LR, a listed issuer undertaking a Major Disposal is required to conduct a valuation 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. What constitutes material real estate for the purpose of paragraph 10.11A(1)(bA) of the Main LR?

Bursa Securities does not prescribe a definition or threshold for material real estate under paragraph 10.11A(1)(bA) of the Main LR. Generally, material real estate is real estate owned by the listed issuer that will reflect a close estimate of the total real estate value of the listed issuer.

- 10.57** If a Major Disposal also involves a take-over offer pursuant to the Take-Overs and Mergers Code, can the independent adviser required to be appointed under the Take-Overs and Mergers Code and under the Main LR for the Major Disposal be the same party?

Yes, the independent adviser appointed can be the same party. The said independent adviser must comply with the relevant requirements under both the Take-Overs and Mergers Code as well as the Main LR.

- 10.58** Where the Major Disposal involves a related party, can the independent adviser required to be appointed for the related party transaction and the Major Disposal be the same party?

Yes, the independent adviser appointed can be the same party. The said independent adviser must comply with the relevant requirements under paragraphs 10.08 (Related Party Transaction) and 10.11A (Major Disposal) of the Main LR.

- 10.59** Where the consideration for the Major Disposal is by way of cash or partly in cash, who should make the statement whether the acquirer has sufficient financial resources to undertake the acquisition, as required under paragraph 4 in Part I of Appendix 10A of the Main LR?

The announcement in relation to the Major Disposal as required under paragraph 4 in Part I of Appendix 10A of the Main LR is to be made by the listed corporation that is disposing its assets. In making the statement, the board of directors of the listed corporation must take all reasonable steps to satisfy itself that the acquirer has sufficient financial resources to undertake the acquisition.

**Aggregation of transactions****10.60 What is the definition of “parties connected with one another” as used in paragraph 10.12(2)(a) of the Main LR?**

“Parties connected with one another” has the same meaning as assigned to “person connected” with a director or a major shareholder, as contained in Chapter 1 of the Main LR.

**10.61 Z Bhd, a listed issuer enters into transactions involving the acquisitions and disposal of securities in A Sdn Bhd with various parties who are not connected with each other. The transactions are as follows:**

Transactions	Type of Transactions	Date of Transactions	Relevant % ratio
Transaction 1	Acquisition from a related party	October 2009	1%
Transaction 2	Acquisition from a non-related party	November 2009	4%
Transaction 3	Acquisition from a non-related party	February 2010	21%

**Must the above transactions be aggregated to determine whether Z Bhd needs to comply with Chapter 10 of the Main LR in respect of the aggregated transactions?**

Yes, pursuant to paragraph 10.12(2)(b) of the Main LR and paragraph 2.0 of Practice Note 14, the transactions must be aggregated as follows:

- Transaction 2 will be aggregated with Transaction 1 where Z Bhd will be required to announce Transactions 1 and 2 in accordance with paragraph 10.06 of the Main LR.
- Transaction 3 will be aggregated with Transactions 1 and 2 where Z Bhd will be required to, amongst others, seek its shareholder approval for Transaction 3 in accordance with paragraph 10.07 of the Main LR. However, Z Bhd must ensure that the circular issued to its shareholders includes information on Transactions 1, 2 and 3.

**Contents of announcements and circulars****10.62 Can a listed issuer appoint a foreign valuer to prepare the requisite valuation report on the foreign assets proposed to be acquired under item 1(f) of Part C and item 3 of Part E, Appendix 10B of the Main LR?**

Yes, a listed issuer may appoint an independent valuer registered with the relevant professional body in the country where the foreign asset is located independently or jointly with an independent registered valuer in Malaysia to prepare the requisite valuation report. Further, the listed issuer must also ensure that the appointment of the valuer including the independent registered valuer in Malaysia fulfils the requirements under the SC’s Asset Valuation Guidelines in relation to the appointment of valuer for valuation of foreign property assets.

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**10.63 “Conflicts of interest” on the part of the adviser or expert, where appointed which is required to be disclosed in circulars to shareholders has been defined to mean circumstances or relationships which affect or may affect the ability of the adviser or expert to act independently and objectively or where the adviser or expert has an interest in the outcome of the proposal which interferes or is likely to interfere with its independence and objectivity. What are the factors that should be taken into consideration by the adviser or expert to ascertain whether the “conflict of interest” exists?**

The factors that should be taken into consideration by the adviser or expert to ascertain whether the “conflict of interest” exists or is likely to exist in relation to its role as an adviser or expert are varied and subjective. The adviser or expert must make that assessment and take all reasonable steps to ascertain whether the conflict of interest exists or is likely to exist. After that, full disclosure must be made in the circular of the nature and extent of the conflict of interests.

**Chapter 12 Share Buy-Backs  
[Questions & Answers]**

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MAIN MARKET  
(As at 17 June 2009)****CHAPTER 12 – SHARE BUY-BACKS****12.1 Is it mandatory for a listed corporation to issue a circular to its shareholders when it seeks renewal of authorisation from its shareholders to purchase its own shares?**

No, where it is a renewal of an existing authorisation, the listed corporation has an option of issuing either a circular or a statement accompanying the notice of general meeting i.e. the Share Buy-back Statement.

**12.2 If a listed corporation obtains an authorisation from its shareholders to purchase its own shares in year 2009 but did not renew the said authorisation in year 2010, can it still issue a Share Buy-back Statement to its shareholders to seek their authorisation for the purchase of its own shares in year 2011?**

No, under paragraph 12.06 of the Main LR, listed corporations are only allowed to issue a Share Buy-back Statement to renew an existing authorisation. If the listed corporation does not renew the said authorisation in year 2010, it will lapse. As such, in year 2011, there will not be an existing authorisation and the listed corporation will have to issue a circular to procure its shareholder approval for the purchase of its own shares.

**12.3 Under paragraph 7.15 of the Main LR, notices of general meetings are required to be advertised in a daily press. Are listed corporations required to advertise the Share Buy-back Statement as well?**

No, only notices of the general meeting for the renewal of an existing authorization for share buy-back are required to be advertised in the daily press.

**12.4 A Bhd, a listed corporation has an issued and paid-up capital of RM100 million comprising of 100 million ordinary shares of RM1.00 each. Pursuant to its authorisation in year 2009, A Bhd had purchased 10 million of its own shares and retained the shares purchased as treasury shares. Can A Bhd still purchase its own shares in year 2010?**

No, pursuant to paragraph 12.09 of the Main LR, A Bhd must not purchase its own shares or hold any of its own shares as treasury shares if this results in the aggregate of the shares purchased or held exceeding 10% of its issued and paid-up capital. Hence, as the treasury shares held by A Bhd in year 2010 is already 10% of its issued and paid-up capital, A Bhd may not purchase its own shares in year 2010. However, if the treasury shares are cancelled in year 2010 and subject to the authorisation from shareholders, A Bhd may purchase its own shares subsequently.

**12.5 Based on the same facts as in Question 12.4 above, assuming that pursuant to its authorisation in year 2009, A Bhd had purchased 5 million of its own shares and cancelled the shares purchased in April 2009. What is the remaining number of its own shares that A Bhd may purchase in year 2009?**

Pursuant to paragraph 12.09 of the Main LR, A Bhd may purchase an additional 5 million of its own shares for the remaining period in year 2009.

**Chapter 12 Share Buy-Backs  
[Questions & Answers]**

- 12.6 B Bhd, a listed corporation has an issued and paid-up capital of RM120 million comprising 120 million ordinary shares of RM1.00 each. For year 2009, B Bhd procured its shareholder approval to undertake share buy-back of up to 10% of its issued and paid-up capital. Pursuant to its authorisation in year 2009, B Bhd had purchased 3 million of its own shares in February 2009 and retained the shares purchased as treasury shares. Subsequently in August 2009, the issued and paid-up capital of B Bhd is reduced to RM100 million upon completion of its corporate exercise. What is the remaining number of its own shares that B Bhd may purchase in year 2009?**

The maximum limit that a listed corporation may purchase its own shares or hold any of its own shares as treasury shares under paragraph 12.09 of the Main LR will be based on the adjusted issued and paid-up capital of the listed corporation pursuant to a corporate exercise. Hence, in this case, the maximum limit of its own shares that B Bhd may purchase in year 2009 is 10 million based on its adjusted issued and paid-up capital in August 2009 and in view of the 3 million shares purchased in February 2009, B Bhd may purchase an additional 7 million of its own shares for the remaining period in year 2009.

- 12.7 What does “cost of purchase” in paragraph 12.18(b)(ii) of the Main LR refer to?**

The “cost of purchase” refers to the amount paid by the listed corporation for the shares, which includes the transaction costs.

- 12.8 M Bhd, a listed corporation purchases 10,000 of its own shares in January 2010 and keeps them as treasury shares. Subsequently, M Bhd wishes to sell the treasury shares on 12 March 2010 (i.e. more than 30 days from the date of purchase, in accordance with paragraph 12.18 of the Main LR). The weighted average market price of M Bhd’s shares for the 5 market days preceding the resale on 12 March 2010 (“5 days weighted average market price”) is RM2.00. Can M Bhd sell its treasury shares at RM1.60 on 12 March 2010?**

No, M Bhd is not permitted to sell its treasury shares at RM1.60 on 12 March 2010. The price of RM1.60 represents a discount of 20% from the 5 days weighted average market price of RM2.00, which exceeds the 5% discount on the 5 days weighted average market price immediately before 12 March 2010. According to paragraph 12.18 of the Main LR, a listed corporation may only sell its treasury shares at a discount if the discount is not more than 5% of the 5 days weighted average market price.

- 12.9 N Bhd, a listed corporation purchases 15,000 of its own shares in January 2010 and keeps them as treasury shares. Subsequently, N Bhd wishes to sell the treasury shares on 19 March 2010 (i.e. more than 30 days from the date of purchase, in accordance with paragraph 12.18 of the Main LR). The 5 days weighted average market price of N Bhd’s shares immediately before 19 March 2010 is RM3.20. Can N Bhd sell its treasury shares at RM3.10 on 19 March 2010?**

Yes, N Bhd may sell its treasury shares at RM3.10 on 19 March 2010 provided that the price of RM3.10 is not less than the cost of purchase of the shares being sold. In fact, N Bhd may sell its treasury shares at any price not less than RM3.04 on 19 March 2010, which represents a discount of not more than 5% from the 5 days weighted average market price of RM3.20 immediately before 19 March 2010 provided that the price is not less than the cost of purchase of the shares being resold.

**Chapter 12 Share Buy-Backs  
[Questions & Answers]**

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**12.10 When can a SPAC which has completed a qualifying acquisition purchase its own shares?**

Pursuant to paragraph 12.25 of the Main LR, a SPAC can only purchase its own shares after it has fully paid or satisfied the consideration of the qualifying acquisition and the ownership of the assets acquired by the SPAC is beneficially and legally vested in the SPAC.

**Chapter 13 Arrangements and Reconstructions  
[Questions & Answers]**

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MAIN MARKET  
(As at 17 June 2009)****CHAPTER 13 – ARRANGEMENTS AND RECONSTRUCTIONS*****Subdivision of shares*****13.1 Can a Cash Company or a PN17 Company apply for subdivision of its shares?**

Cash Companies and PN17 Companies may apply for subdivision of their shares only if the subdivision is undertaken as part of their proposal or plan to regularise their condition pursuant to paragraph 8.03 and 8.04 of the Main LR respectively.

**13.2 One of the criteria for subdivision of shares, i.e. paragraph 13.05(b) of the Main LR is that the issued and paid up capital of the listed corporation must be unimpaired by losses on a consolidated basis (“Criterion (b)”). What does this mean?**

It means that the listed corporation’s shareholders’ funds on a consolidated basis must be at least equal to or greater than the issued and paid up capital of the corporation.

**13.3 If the listed corporation has accumulated losses on a consolidated basis but has other reserves would the listed corporation fulfill Criterion (b)?**

The listed corporation would fulfill Criterion (b) as long as its shareholders’ funds, after the issued and paid up capital is adjusted for accumulated losses and reserves, is equal to or greater than the issued and paid up capital.

**13.4 Is there a requirement as regards how many shares one share of the listed corporation can be subdivided into?**

No, there is no requirement on the manner in which the shares must be subdivided, provided that the listed corporation’s share price adjusted for the subdivision of shares must not be less than RM0.50 based on the daily closing price of the listed corporation’s shares during the 3-month period before the application date.

***Others*****13.5 What are the enhancements in relation to a Specified Capital Restructuring<sup>1</sup> exercise (“Specified Capital Restructuring”) under the SPEEDS processing?**

Specified Capital Restructuring (i.e. capital reduction, consolidation of shares or shares cancellation) will no longer require a suspension on the trading of securities. In addition, such corporate exercise can be completed earlier, i.e. on the next market day after the books closing date.

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<sup>1</sup> “Specified Capital Restructuring” means capital restructuring involving share cancellation and reduction in the number of shares held by each shareholder of a listed issuer.

**Chapter 13 Arrangements and Reconstructions  
[Questions & Answers]**

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**13.6 Is a listed issuer required to submit any document to Bursa Depository before the books closing date for the purpose of processing the Specified Capital Restructuring under SPEEDS?**

A listed issuer must submit an undertaking letter in the prescribed format to Bursa Depository on the announcement date of the books closing date for Specified Capital Restructuring that is to be processed under SPEEDS. The undertaking letter must include the following:

- (a) The current issued and paid up capital of the listed issuer;
- (b) Designated CDS account for the crediting of fractional shares /rights;
- (c) Options on the allotment of fractional rights; and
- (d) An undertaking that the new share certificates shall be submitted to Bursa Depository on the books closing date.

**13.7 Is there any fee imposed by Bursa Depository for the processing of shares from the Specified Capital Restructuring under SPEEDS and if so, how much is the fee?**

Bursa Depository will impose on the listed issuer a processing fee of RM0.50 per account processed under SPEEDS. The processing fee is inclusive of the fee for the Record of Depositors ("ROD"). The fee of RM2.20 for the crediting of shares per account allotted remains the same.

**13.8 When is the share registrar required to submit the new certificates to Bursa Depository for the Specified Capital Restructuring to be processed under SPEEDS?**

For share registrars located within Klang Valley, the new certificates must reach Bursa Depository by 5.30 p.m. on the books closing date and in respect of outstation share registrars, the new certificates must be faxed to Bursa Depository by 5.30 p.m. on the books closing date before being delivered to Bursa Depository. In relation to Specified Capital Restructuring, Bursa Depository will return the old certificates to the relevant share registrar on the listing date.



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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 27 January 2015)**

**CHAPTER 14 – DEALINGS IN SECURITIES**

- 14.1** *ABC Berhad* has fixed the targeted date for announcement of *ABC Berhad's* 1<sup>st</sup> quarterly results for 2010 on 15 May 2010. *Mr. X*, a director of *ABC Berhad*, intends to deal with the shares of *ABC Berhad*. If the announcement of *ABC Berhad's* 1st quarterly results is made on 15 May 2010, what is the closed period for dealings by *Mr. X*?

Closed period is defined in paragraph 14.02(b) of the Main LR to mean a period commencing 30 calendar days before the targeted date of announcement of a listed issuer's quarterly results up to the date of announcement of the quarterly results.

As the announcement for the 1st quarterly results of *ABC Berhad* is made on 15 May 2010, the closed period for dealings by *Mr. X* will commence from 15 April 2010 until 15 May 2010.

- 14.2** The term “dealing” under paragraph 14.02(c) of the Main LR includes “acquiring or disposing of securities or any interest in securities”. Does this include “transferring”?

Yes, the terms “acquiring or disposing” include “transferring” of securities or any interest in securities.

- 14.3** During the closed period, a principal officer of the listed issuer transfers his shares in the listed issuer to his wife and the consideration is in-kind (as opposed to cash). Is this regarded as a dealing in securities and hence, require notification?

“Dealing” is defined under paragraph 14.02(c) of the Main LR to include any disposal of securities or any interest in securities. As such a transfer of a principal officer's shares in the listed issuer to his wife without consideration or consideration in-kind would be regarded as dealing in securities under Chapter 14 of the Main LR and subject to the notification requirements set out in that Chapter.

- 14.4** Are the requirements in Chapter 14 only applicable to dealing by affected persons personally?

No, the dealings falling under Chapter 14 include those undertaken by the affected persons as principal or as agent. This includes dealing via the nominee company of the affected persons. In this respect, a nominee company includes a body corporate which is wholly owned by the affected persons or where the affected persons have a controlling interest or a body corporate which is, or its directors are accustomed, or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the affected persons.

**14.5** *X is the chief financial officer of A Berhad, a company listed on Bursa Securities. If X does not have access or is not privy to price sensitive information in relation to A Berhad, will he still be considered as a principal officer for the purpose of paragraph 14.03 of the Main LR?*

Yes, pursuant to paragraph 14.02(i) of the Main LR, since *X* is a chief financial officer of *A Berhad*, he is considered as a principal officer of *A Berhad*.

The same principle applies for the meaning of “principal officer” of a listed issuer which is a collective investment scheme under paragraph 14.02(i)(ii) of the Main LR.

**14.6** *Does a director or principal officer of the management company of an exchange traded fund (“ETF”) need to comply with the requirements of Chapter 14?*

No, paragraph 14.03(2) expressly excludes an ETF from the requirements of Chapter 14 of the Main LR.

**14.7** *X is a director of A Berhad. Does he need to comply with the dealing procedures set out in paragraph 14.08 or 14.09 if he wishes to deal with the listed securities of A Berhad’s associate, subsidiary, or related corporation during or outside the closed period?*

No. *X* is only required to comply with the dealing procedures set out in paragraph 14.08 or 14.09 if he wishes to deal with the listed securities of *A Berhad*.

**14.8** *When an affected person deals in the listed securities of his own listed issuer during the closed period, and the dealing falls within paragraph 14.06<sup>1</sup> of the Main LR (“14.06 Dealings”), are the affected person, the listed issuer and the company secretary exempted from the requirements of both paragraphs 14.08 and 14.09?*

No, they are only exempted from the requirement of paragraph 14.08. All 14.06 Dealings are still subject to paragraph 14.09 of the Main LR.

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<sup>1</sup> Paragraph 14.06 reads as follows:

The following categories of dealings are exempted from the restrictions or requirements of paragraphs 14.04 and 14.05 respectively:

- (a) the acceptance or exercise of options or rights under a Share Issuance Scheme or share option scheme;
- (b) the exercise of warrants;
- (c) the conversion of convertible securities;
- (d) the acceptance of entitlements under an issue or offer of securities, where such issue or offer is made available to all holders of a listed issuer’s securities or to all holders of a relevant class of its securities, on the same terms;
- (e) the undertaking to accept, or the acceptance of a take-over offer; and
- (f) the undertaking to accept, or the acceptance of securities as part of a merger by way of a scheme of arrangement.

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- 14.9** Pursuant to paragraph 14.08 of the Main LR, a director who wishes to deal in securities during a closed period must announce the proposed dealing to Bursa Securities before the proposed dealing. Currently, all announcements to Bursa Securities are made via the Bursa LINK. How can a director make an announcement to Bursa Securities if he has no access to the Bursa LINK?

The director who wishes to make an announcement to Bursa Securities should request the listed issuer to send the announcement to Bursa Securities on his behalf using the Bursa LINK.

- 14.10** A director must announce his dealings in securities within the timeframes stipulated under the Main LR. Should the director still proceed to announce the dealings even if it is no longer within the timeframes prescribed under the Main LR?

Yes, the director should still proceed to make the announcement even if it is no longer within the timeframes prescribed under the Main LR to mitigate the failure to comply with the Main LR.

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 3 May 2016)**

**CHAPTER 15 – CORPORATE GOVERNANCE**

*Directors*

- 15.1 To calculate the number of independent directors required under paragraph 15.02 of the Main LR, should the listed issuer take into account alternate directors?**

No. The listed issuer must not take into account alternate directors for the purpose of calculating the requisite number of independent directors in order to comply with paragraph 15.02 of the Main LR.

- 15.2 Can an independent director appoint a person who is not independent to be his alternate director?**

No, if an independent director wishes to appoint another person to be his alternate director, such person must also satisfy the definition of "independent director" under paragraph 1.01 of the Main LR.

- 15.3 A listed issuer has 10 directors on board. However, there are only 3 independent directors. Does the listed issuer comply with paragraph 15.02 of the Main LR or does the listed issuer have to appoint another independent director?**

Yes, the listed issuer would be in compliance with paragraph 15.02 of the Main LR as the number nearest to 1/3rd shall apply, which in this scenario would be 3 independent directors.

- 15.4 Would a director who sits on the boards of directors of a few listed issuers be required to provide a separate undertaking in respect of each listed issuer?**

No. Such director may provide one undertaking to Bursa Securities in respect of all his directorships in various listed issuers. However, if after filing the undertaking, such director becomes a director of another listed issuer which is not indicated in the undertaking, he must provide another undertaking in respect of that listed issuer.

- 15.5 Is the requirement to provide Bursa Securities with the requisite undertaking in Annexure PN21-C and Annexure PN21-D pursuant to paragraph 15.03 of the Main LR applicable to alternate directors?**

Yes, alternate directors must also provide to Bursa Securities the undertaking in the form of Annexure PN21-C and/or Annexure PN21-D, as the case may be.

- 15.6 Paragraph 15.05(3)(c) of the Main LR states that the office of a director shall become vacant if the director is absent from more than 50% of the total board of directors' meetings held during a financial year. If Mr A is appointed as a director of B Bhd, a listed issuer, mid-way through a financial year, how does Mr A compute the minimum number of board meetings that he must attend for that financial year?**

The computation of the minimum number of board meetings to be attended in the financial year will take into account only the meetings that were held on or after the appointment of the director in question. Therefore, if B Bhd's financial year end is December 2009, Mr A is appointed on 15 August 2009 and the number of board meetings held after his appointment is 6, Mr A must attend at least 3 of the board meetings.

- 15.7 Can the attendance of an alternate director be taken into account for the purpose of computation of the 50% of the total number of board meetings attended?**

No. The director himself (and not his alternate director) must personally attend at least 50% of the total number of board meetings held during a financial year.

- 15.8 Can a board of directors' meeting that is conducted via teleconferencing, video conferencing or other electronic, audio or audio-visual means which allows simultaneous or instantaneous transmission be considered as a board of directors' meeting of a listed issuer for the purposes of paragraph 15.05(3)(c) of the Main LR?**

Yes, provided that such mode of meeting is valid under the relevant laws and/or articles of association of the listed issuer concerned.

- 15.9 It is noted that a director of a listed issuer must attend at least 50% of the total board meetings held during a financial year pursuant to paragraph 15.05(3)(c) of the Main LR ("50% Requirement"). What happens if a director fails to comply with the 50% Requirement? Will that particular director be deemed to have automatically vacated his office?**

Pursuant to the Main LR, the office of the director shall become vacant if the director fails to comply with the 50% Requirement. In this regard, the vacation of the office would be automatic and the listed issuer must make an immediate announcement of the vacation of office pursuant to paragraph 15.05(3)(c) of the Main LR.

- 15.10 Paragraph 15.06(1) of the Main LR states that a director of an applicant or a listed issuer must not hold more than 5 directorships in listed issuers. Does the restriction apply to directorships held in corporations listed overseas?**

No. The restriction is only applicable to directorships held in listed issuers on Bursa Securities. Hence, in computing the number of directorships that may be held pursuant to the restriction, a director should take into account his directorships held in –

- (a) listed corporations (which include locally incorporated companies listed on Bursa Securities or corporations incorporated outside Malaysia but listed on Bursa Securities);

- (b) management companies of the collective investment schemes which are listed on Bursa Securities; or
- (c) issuers of any other listed securities on Bursa Securities.

**15.11 Can a director aggregate a directorship that is held in a listed subsidiary with directorship in the listed holding company?**

No. A directorship in a listed issuer is to be counted as 1 directorship in a listed issuer and cannot be aggregated with a directorship in any other company, including a listed subsidiary.

**15.12 Would a director of a listed issuer who lives overseas be required to attend the Mandatory Accreditation Programme (“MAP”)?**

Yes. Every director of a listed issuer must attend the MAP, regardless of his place of residence.

**15.13 Would an alternate or substitute director of a listed issuer be required to attend the MAP?**

Yes, an alternate or substitute director of a listed issuer must also attend the MAP.

**15.14 What happens if a director does not attend the MAP within the timeframes specified under Practice Note 5?**

A director that does not attend the MAP within the timeframes specified under Practice Note 5 is in breach of the Main LR and enforcement action may be taken against him by Bursa Securities.

**15.15 Pursuant to paragraph 15.08(2) of the Main LR, the board of directors must on a continuous basis, evaluate and determine the “training” needs of its directors. What would constitute “training” for the purposes of paragraph 15.08(2) of the Main LR?**

Pursuant to paragraph 15.08(2) of the Main LR, the board of directors of the listed issuer is given the discretion to determine what constitutes “training” for its directors. In this respect, “training” could include, for example, the following:

- in-house training programmes organised by listed issuers for their directors;
- courses attended by directors as members of professional bodies which require mandatory training for their members;
- diploma/degree/post graduate courses; or
- courses/workshops conducted within or outside Malaysia.

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**15.16 Can the “training” prescribed by the board of directors for its directors relate to any topic at all, as may be determined at the absolute discretion of the board?**

Under paragraph 15.08(2) of the Main LR, the training that is determined by the board of directors for its directors must be on a subject matter that aids the directors in the discharge of their duties as directors. Thus, the board must exercise its discretion within the confines of that requirement.

In this regard, the findings from annual performance assessment of directors are useful as they provide valuable insights into the training and development needs of directors. The board or nominating committee will be able to prescribe the training required by its directors based on the areas for improvement identified in the findings. In addition, the board may also regularly request each director to identify appropriate training that he believes will enhance his contribution to the board.

Broadly, the training should include key developments in the legal and regulatory framework, as well as the industry within which the listed issuer operates. The training could also cover areas such as financial literacy, technical know-how, business and industry specific trends, business strategies, risk management and internal control.

**15.17 Under paragraph 15.08(3)(b) and item (28) of Part A, Appendix 9C of the Main LR, a brief description of the type of training attended by the directors for the financial year is required to be disclosed in the annual report. What are examples of the type of information that is required to be included in the brief description?**

Examples of the types of information that should be disclosed in the brief description are the mode of training i.e. via seminar, workshops or courses; the title of the seminar, workshop or courses and the number of hours/days spent.

**15.18 Under paragraph 15.08(3)(c) and item (28) of Part A, Appendix 9C of the Main LR, a listed issuer must provide valid justifications if, in exceptional circumstances, its directors are unable to attend any training during the financial year. What are some of the “exceptional circumstances” envisaged under paragraph 15.08(3)(c) of the Main LR?**

Generally, a director is expected to attend continuous training to update and enhance his skills and knowledge. This is important for the director to ensure that he continues to carry out his role effectively. It is also recognized that there may be exceptional circumstances where a director may not be able attend any training. However, these circumstances should be **rare and uncommon**, such as if a director is suffering from a long term illness or is bedridden over a prolonged period.

Generally, it **will not be** considered as an exceptional circumstance if a director is unable to attend any training because he does not have the time due to business commitment or tight schedule for instance, or there are no suitable programmes or courses available.

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***Nominating committee***

**15.19 Paragraph 15.08A(3) of the Main LR states that a listed issuer must provide in its annual report, a statement about the activities of its nominating committee in the discharge of its duties for the financial year. Such statement must include how the requirements set out in paragraph 2.20A of the Main LR are met and contain the following information:**

- (a) the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;**
- (b) the board nomination and election process of directors and criteria used by the nominating committee in the selection process; and**
- (c) the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.**

**Can a listed issuer publish the information required under sub-paragraph (a), (b) and (c) above on its website instead of the annual report?**

A listed issuer must publish the above information in its first annual report issued after the effective date of paragraph 15.08A(3). In respect of the subsequent financial years, the listed issuer may publish such information on its website provided that the requirements under paragraph 9.25(1) of the Main LR are complied with.

**15.20 Must a listed issuer disclose the targets and measures taken to meet the targets in relation to its gender diversity policy when it provides its statement on the activities of its nominating committee pursuant to paragraph 15.08A(3) of the Main LR?**

Although paragraph 15.08A(3) of the Main LR does not explicitly require such disclosure, a listed issuer is strongly encouraged to disclose the targets and measures taken to meet the targets in relation to its gender diversity policy as recommended in the Malaysian Code on Corporate Governance.

In this regard, we wish to draw the listed issuer's attention to the announcement made by the Prime Minister Datuk Seri Najib Tun Razak on 27 June 2011 on the Government's policy approved by the Cabinet that women must comprise at least 30% of those in decision-making positions in the corporate sector within 5 years (i.e. by 2016).

***Audit committee***

**15.21 Would a person with a degree in accounting and who possesses 3 years' post qualification experience in finance but who is currently not a member of Malaysian Institute of Accountants meet the requirements of paragraphs 9.27 and 15.09(1)(c) of the Main LR?**

Yes, pursuant to paragraph 7.1 of Practice Note 13, such person would be acceptable for the purposes of paragraphs 9.27 and 15.09(1)(c) of the Main LR.



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**15.22 What are some of the examples of persons who have “experience in accounting or finance” as referred to in paragraph 7.1 of Practice Note 13?**

Some of the examples of persons who have “experience in accounting or finance” are accountants, auditors in an audit firm, financial controllers, finance executives, finance managers or finance directors.

**15.23 *Mr A* started as a clerk in a company and gradually worked his way up to being a finance director. He has in total 20 years’ experience in finance related work. In the last 8 years, he was the finance director of a family-owned company where he was primarily responsible for the management of the financial affairs of the company. However, he only has a diploma in accounting. Does *Mr A* meet the requirements of paragraphs 9.27 and 15.09(1)(c) of the Main LR?**

Yes, pursuant to paragraph 7.1 of Practice Note 13, *Mr A*’s qualifications will be acceptable for the purposes of paragraphs 9.27 and 15.09(1)(c) of the Main LR.

**15.24 Who will be the signatory to the statutory declaration pursuant to section 169(16) of the Companies Act 1965, who may be approved by Bursa Securities as referred to under paragraph 9.27(c) of the Main LR? Similarly, what are the other requirements as may be approved by Bursa Securities under paragraph 15.09(1)(c)(iii) of the Main LR, pertaining to the audit committee?**

The approval will be given on the basis of an application made by a listed issuer. Bursa Securities will examine the merits of each application and the approval of such signatory or requirements pertaining to audit committee member will be given on a case by case basis.

**15.25 In relation to the requisite qualifications for the signatory under paragraph 9.27 of the Main LR and a member of the audit committee under paragraph 15.09 of the Main LR, if the person concerned fulfils the requirements set out in the said provisions or paragraph 7.1 of Practice Note 13 (“Said Qualifications”), does he still have to submit an application to Bursa Securities for approval?**

No. He does not have to submit any application to Bursa Securities for approval. The requirement to seek Bursa Securities’ approval is only necessary if the person concerned does not fulfill the Said Qualifications but is nonetheless considered by the listed issuer to have the requisite knowledge and experience that will enable him to discharge his obligations as a signatory or audit committee as if he had the Said Qualifications.

**15.26 In relation to paragraph 9.27 of the Main LR where it is stated that the “signatory” must satisfy such other requirements as approved by Bursa Securities, what are the specific requirements that may be approved by Bursa Securities?**

The “signatory” must provide justification to Bursa Securities that the knowledge and experience that he has are adequate to enable him to discharge his role effectively as a signatory to the statutory declaration even though he does have the Said Qualifications. This justification will be considered by Bursa Securities on a case-by-case basis.

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**15.27 To whom should the application for approval under paragraphs 9.27 and 15.09 of the Main LR as referred to in Question 15.24 above be made?**

Any application should be made in writing to the Listing Division of Bursa Securities, addressed to the Head, Listing together with the necessary documents to support the application.

**15.27A Under paragraph 15.12(1)(j) of the Main LR, an audit committee is required to review whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for re-appointment, and make the relevant recommendation to the board.**

**What are some of the key factors that may assist the audit committee in determining whether such reason exists where the external auditor is not suitable for re-appointment?**

In making the determination, the audit committee should, in addition to the suitability factors as set out in paragraph 15.21 of the Main LR<sup>1</sup>, also consider the performance of the external auditor and its independence such as -

- the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; and
- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor.

**15.27B Pursuant to paragraph 15.15(3)(d) of the Main LR, a listed issuer must disclose in the audit committee report, a summary of work of the audit committee in the discharge of its functions and duties for the financial year, and how the audit committee has met its responsibilities. What is the information that a listed issuer is expected to disclose under this requirement?**

When describing the summary of work of the audit committee in the discharge of its functions and duties, and how the audit committee has met its responsibilities, a listed issuer must be mindful that the purpose is to provide shareholders with an insight on how the audit committee performed its functions during the financial year, to, among others, safeguard the integrity of financial reporting.

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<sup>1</sup> Paragraph 15.21 of the Main LR provides that in appointing an external auditor, a listed issuer must consider, among others –

- (a) the adequacy of the experience and resources of the accounting firm;
- (b) the persons assigned to the audit;
- (c) the accounting firm's audit engagements;
- (d) the size and complexity of the listed issuer's group being audited; and
- (e) the number and experience of supervisory and professional staff assigned to the particular audit.

**Chapter 15 Corporate Governance  
[Questions & Answers]**

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Hence, the listed issuer is expected to discuss the areas over which the audit committee exercised its oversight, and explain with sufficient details what it did to execute its oversight responsibilities.

For example, the listed issuer should, in relation to the audit committee's role to oversee financial reporting, include details such as –

- the dates when the audit committee met with the external (and internal) auditors without the presence of management and the topics discussed;
- identified new financial reporting standards and other standards that were discussed and which may have had a significant impact on the listed issuer's financial statements;
- the review undertaken on matters relating to management judgments and estimates;
- the processes and controls that were in place for effective and efficient financial reporting and disclosures under the financial reporting standards.

With regards to the audit committee's role to review any related party transactions ("RPTs") and conflict of interest ("COI") situations that may arise within the listed issuer or group, the listed issuer should include –

- information on the framework in place for the purposes of identifying, evaluating, approving, reporting and monitoring such COI situations and transactions; and
- the key considerations taken by the audit committee when it reviews the RPTs or COI situations.

The listed issuer must avoid providing a generic or boilerplate statement that fails to reflect the breadth and depth of the important activities undertaken by the audit committee. It should also avoid merely re-stating its terms of reference or charter, which is typically static information that should be made available on the listed issuer's website.

The listed issuer and its audit committee may be further guided in disclosing the summary of the audit committee's work as required under paragraph 15.15(3)(d) of the Main LR by referring to the **Corporate Governance Guide: Towards Boardroom Excellence (2<sup>nd</sup> Edition)** and the **2015 Analysis of Corporate Governance Disclosures in Annual Reports**<sup>2</sup>.

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<sup>2</sup> This is available on Bursa Malaysia's website at:  
<http://www.bursamalaysia.com/misc/system/assets/16493/2015%20Analysis%20of%20Corporate%20Governance%20Disclosures%20in%20Annual%20Reports%20-%20Report.pdf>

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**15.27C What is a listed issuer expected to disclose in the summary of the work of the internal audit function under paragraph 15.15(3)(e) of the Main LR?**

Similar to the above, a listed issuer should provide information which enables shareholders to have an insight into how the internal audit function discharged its roles and responsibilities during the financial year. With such information, shareholders are able to understand better the effectiveness and efficiency of the governance, risk management and internal control processes in place. The disclosure would also assist shareholders in assessing whether the audit committee has carried out its oversight duties over the internal audit, effectively.

In this regard, the listed issuer should provide information on the key specific areas that were audited and other information such as the resources made available to the internal audit function as well as the internal audit reporting and communication flow i.e. what was done with the internal audit report and whether concerns, if any, identified by internal audit in its report were addressed, during the financial year. The listed issuer should avoid providing generic statements about the general responsibilities of the internal audit function or its terms of reference which do not inform shareholders of the actual work performed by the internal audit function.

The listed issuer and its audit committee may be further guided in disclosing the summary of the internal audit function's work as required under 15.15(3)(e) of the Main LR by referring to the **Corporate Governance Guide: Towards Boardroom Excellence (2<sup>nd</sup> Edition)** and the **2015 Analysis of Corporate Governance Disclosures in Annual Reports**.

**15.28 In view of paragraph 15.17(f) of the Main LR, can the company secretary of a listed issuer still attend the audit committee meeting?**

Yes, the company secretary may attend. The discretion lies with the audit committee, whether it wishes to also exclude the attendance of the company secretary.

***Corporate Governance Statement*****15.29 Are there any specific requirements in relation to the disclosure to be made in the annual report in relation to the Malaysian Code on Corporate Governance?**

Practice Note 9 elaborates on the disclosure to be made in the annual report of a listed issuer in relation to this requirement.

**15.30 Under paragraph 3.2 of Practice Note 9, a listed issuer must ensure that it has regard to the Recommendations when disclosing the application of each Principle. In view of this, must the listed issuer comment separately on each Recommendation with which it follows?**

In describing how it has applied each Principle, a listed issuer need not comment separately on each Recommendation with which it follows. However, a listed issuer must ensure that its Corporate Governance Statement in its annual report contains adequate information and provides a meaningful description or discussion of its corporate governance practices to shareholders.

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**15.31 Can a listed issuer insert the Corporate Governance Statement (as referred to Practice Note 9) in its directors' report in the annual report?**

Yes, a listed issuer may insert the Corporate Governance Statement in its directors' report in the annual report. However, a listed issuer must ensure that the said statement is prominently and clearly set out.

**15.32 Must the Corporate Governance Statement be signed by the directors of a listed issuer in the same manner as the directors' report?**

No. It is not the requirement of Bursa Securities that the Corporate Governance Statement must be signed by the directors of a listed issuer. However, the statement must clearly identify the board of directors as the party which is making the statement.

**15.33 Does the Corporate Governance Statement have to be reviewed by external auditors of a listed issuer?**

No, it is not the requirement of Bursa Securities that the said statement must be reviewed by the external auditors of the listed issuer.

***Risk Management and Internal Control Statement*****15.34 Is there any guidance to assist directors of listed issuers in making the statement on risk management and internal control?**

In addition to Practice Note 9, directors should also refer to the guidance entitled "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by the Taskforce on Internal Control. A copy of the said guidelines is available on Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

***Internal audit*****15.35 What is meant by "an internal audit function which is independent of the activities it audits" as referred to under paragraph 15.27 of the Main LR?**

This means that the internal audit function of a listed issuer must be independent from the management and operations. A listed issuer must not allow or condone inter-management audit. For example, finance department performing audit on the other operation units within the group of a listed issuer. For the purposes of clarifying the phrase "independent of the activities of its audits", reference may be made to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the Internal Auditing Guidelines issued by the Malaysian Institute of Accountants (collectively referred to as "the Internal Audit Standards & Guidelines").

**15.36 Can the internal audit function of a listed issuer be outsourced?**

Yes. The internal audit function of listed issuer can either be performed in-house or outsourced.

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**15.37 Where the internal audit function of a listed issuer is outsourced, what is the key issue that must be taken into consideration?**

The key issue is the independence and objectivity of the firm/person to whom the internal audit function is outsourced. Again, for the purposes of clarifying the issue of “independence and objectivity”, reference may be made to the Internal Audit Standards & Guidelines.

**15.38 Can the internal audit function be outsourced to the firm/person performing the statutory audit for the listed issuer?**

Pursuant to section 290.186A of the By-Laws (On Professional Ethics, Conduct And Practice) of the Malaysian Institute of Accountants (“Ethics By-Laws”), where a financial statement audit client is a listed entity or public interest entity, the firm or network of firm performing the financial statement audit should not accept an engagement to provide internal audit services.

As such, the internal audit function of a listed issuer should not be outsourced to the firm/person performing the statutory audit for the listed issuer.

**15.39 Can the internal audit function be outsourced to a group internal auditor who may be the internal auditor of the holding company, the subsidiary or subsidiary of the holding company?**

Yes, all these can be considered as outsourcing. The listed issuer, however, must always adhere to the requirements of “independence and objectivity”.

**15.40 With reference to Questions 15.36, 15.37 and 15.38 above, what are the requirements that must be complied with by the external party to whom the internal audit function is outsourced?**

This depends on who the external party is. Such party must always comply with whatever legal requirements imposed on it by the relevant bodies or which it is subject to, in offering its services as an internal auditor. For example, in the case of a member of the Malaysian Institute of Accountants, it would have to comply with the Institute’s requirements. This would include the Ethics By-Laws.

**Chapter 16 Suspension, De-listing & Enforcement  
[Questions & Answers]**

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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 27 January 2015)****CHAPTER 16 – SUSPENSION, DE-LISTING & ENFORCEMENT*****Suspension of trading imposed by Bursa Securities*****16.1 In relation to a voluntary winding-up of a listed issuer, when would Bursa Securities suspend the trading of its listed securities?**

Pursuant to paragraph 16.02(1)(i) of the Main LR, Bursa Securities may suspend the trading of a listed issuer's listed securities upon the commencement of a voluntary winding-up in accordance with the Companies Act 1965. Pursuant to section 255(6) of the Companies Act, 1965, a voluntary winding-up commences –

(a) where a provisional liquidator has been appointed before the resolution for voluntary winding-up was passed, at the time when the declaration referred to in section 255(1) of the Companies Act, was lodged with the Registrar of Companies; or

(b) at the time of the passing of the resolution for voluntary winding-up,

as the case may be.

***Withdrawal of listing*****16.2 In a take-over offer situation pursuant to the Take-Overs and Mergers Code, other than those effected by way of a scheme of arrangement, compromise, amalgamation or selective capital reduction –****(a) when can a listed issuer withdraw its listing status?**

In a take-over offer situation pursuant to the Take-Overs and Mergers Code, other than those effected by way of a scheme of arrangement, compromise, amalgamation or selective capital reduction, a listed issuer may withdraw its listing from the Official List of Bursa Securities when 90% or more of its listed shares (excluding treasury shares) or listed units are held by one shareholder or unit holder either individually or jointly with associates of the said shareholder or unit holder and the listed issuer has announced the offeror's intention not to maintain the listed issuer's listing.

**(b) must a listed issuer seek shareholder approval pursuant to paragraph 16.06 of the Main LR to withdraw its listing status?**

No, a withdrawal of listing by a listed issuer in this situation is not subject to paragraph 16.06 of the Main LR and as such, no specific shareholder approval is required for the withdrawal.

## Chapter 16 Suspension, De-listing & Enforcement [Questions & Answers]

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- 16.3 What are the types of corporate proposals envisaged in paragraph 16.07(b) of the Main LR where a listed issuer may withdraw its listing upon 100% of its listed shares or listed units being held by a shareholder or unit holder either individually or jointly with the associates, and the listed issuer has announced the offeror's intention not to maintain the listed issuer's listing status?**

The corporate proposals in paragraph 16.07(b) of the Main LR include, among others, a scheme of arrangement, compromise, amalgamation or selective capital reduction under the Take-Overs and Mergers Code, and a Major Disposal.

### *Trading halt*

- 16.4 If material information is announced during trading hours, for example a resolution in relation to a material corporate proposal rejected at an extraordinary general meeting which ended in the morning, will trading of securities of the listed issuer be suspended?**

Generally, if any announcement in relation to material corporate proposals including those stipulated under paragraph 2.1 of Practice Note 20 is released during trading hours, unless the listed issuer has requested for a suspension of trading under Practice Note 2, Bursa Securities will impose trading halt for 1 hour or until the end of that trading session, whichever is the earlier. The details of the trading halt periods are as set out in paragraph 3.1 of Practice Note 20.

- 16.5 During *PLC A's* Board Meeting held on Monday, 24 August 2009 at 11.00 a.m., the Board resolves, amongst others, the declaration of a dividend. After the meeting ends at 12.45 p.m., *PLC A* immediately announces the declaration of dividend. Will trading halt be imposed on *PLC A's* securities?**

Pursuant to paragraph 3.1 of Practice Note 20, a trading halt will not be imposed on *PLC A's* securities as the announcement on the declaration of dividend is made and released during the trading session break from 12.30 p.m. to 1.00 p.m. and investors have the opportunity to digest the information before the commencement of trading at 2.30 p.m. However, where Bursa Securities is of the view that the period is insufficient for purposes of dissemination of a material announcement, Bursa Securities may, at its discretion impose a suspension pursuant to paragraph 3.2 of Practice Note 20.

- 16.6 *PLC B* announces its quarterly report for the financial period ended 30 September 2009 ("3rd QR") on 30 November 2009 at 5.30 p.m. Will trading halt be imposed on *PLC B's* securities on 1 December 2009 (i.e. the next market day)?**

Generally, Bursa Securities will not impose any trading halt when a material announcement is released after 5 p.m. because investors have the opportunity to digest the information before the commencement of trading at 9 a.m. on the next market day. However, pursuant to paragraph 3.2 of Practice Note 20, Bursa Securities may at its discretion, suspend the trading of the listed issuer's securities for the entire day or such period as Bursa Securities deems appropriate.



## Chapter 16 Suspension, De-listing & Enforcement [Questions & Answers]

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### *Enforcement*

**16.7 Other than the listed issuers, are there any other persons against whom Bursa Securities may take enforcement actions for breaches of the Main LR?**

In addition to the listed issuers, Bursa Securities is empowered to take enforcement actions against advisers, directors, officers of listed issuers as well as any other persons to whom the Main LR are directed.

**16.8 If a listed issuer breaches the Main LR, can enforcement action be taken against its directors or directors of the management company where the listed issuer is a collective investment scheme ("CIS")?**

Yes, enforcement action can be taken against a director of a listed issuer or a director of the management company of a CIS, where the listed issuer has breached the Main LR under the circumstances referred to in paragraph 16.13 of the Main LR. In addition, enforcement action can also be taken against a director if he breaches an obligation imposed specifically on him as a director pursuant to the Main LR.

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**QUESTIONS AND ANSWERS IN RELATION TO  
FEES AND CHARGES FOR THE MAIN MARKET  
(As at 1 April 2015)**

**Computation of Listing Fees**

1. Under the Fees and Charges, the amount of certain listing fees payable is based on the total market value of the issued capital of the listed issuer. What is the basis for calculating the said market value?

The basis for calculating the market value of the security is provided for in paragraph 1.1 of the Fees and Charges.

2. Pursuant to paragraph 1.1(a)(ii)(aa) of the Fees and Charges, in the case of initial or additional listing fees where there is no issue or offer price, the market value of the security shall be based on the last traded price on the first day of listing. In this situation, when must the listing fees be paid to Bursa Securities?

In this situation, the listing fees must be paid to Bursa Securities on the next market day following the first day of listing.

3. ABC Berhad has an existing issued and paid-up capital of RM100,000,000 comprising of 100,000,000 shares of RM1.00 each. ABC Berhad is to be listed on the Main Market of Bursa Securities on 1 March 2010 with an initial public offering of 150,000,000 ordinary shares of RM1.00 each. The issue price of the said shares has been fixed at RM3.00 per share.

- (a) Based on paragraph 2.1 of the Fees and Charges, what is the initial listing fee payable by ABC Berhad?

Based on paragraph 2.1 of the Fees and Charges, the initial listing fee will be calculated based on the market value of the enlarged issued and paid-up capital of ABC Berhad upon listing. The calculation is as follows:

$$\begin{aligned} \text{Initial listing fee} &= 0.01\% \text{ of total market value of issued capital of ABC Berhad} \\ &= 0.01\% \times [\text{RM}3.00 \times (100,000,000 + 150,000,000)] \\ &= \text{RM}75,000. \end{aligned}$$

- (b) If ABC Berhad is listed on 1 March 2010, what is the annual listing fee payable by the company in respect of year 2010?

Pursuant to paragraphs 1.1(c) and 2.3 of the Fees and Charges, the annual listing fee payable by ABC Berhad for year 2010 is as follows:

$$0.0025\% \times ([\text{RM}3.00 \times (100,000,000 + 150,000,000)]) = \text{RM}18,750.$$

Taking into account that ABC Berhad is listed in March, the annual listing fee will be pro-rated to RM15,625. However, the minimum annual listing fee under paragraph 2.3 of the Fees and Charges is RM20,000. As such, for 2010, the annual listing fee payable by ABC Berhad is RM20,000.

Fees and Charges For The Main Market  
[Questions & Answers]

4. **Where can a listed issuer obtain the last traded price of its securities for the purposes of calculating its annual listing fees?**

The said information can be obtained from Bursa Securities' website at <http://www.bursamalaysia.com/market/securities/equities/market-statistics/> throughout the month of January.

**Listing fees for shares**

5. **Which category in the Fees and Charges would "preference shares" fall under in relation to the listing fees payable?**

"Preference shares" would fall under the following:

- (a) Paragraph 2 of the Fees and Charges (Listing fees for shares) which applies to non-convertible preference shares; or
  - (b) Paragraph 5 of the Fees and Charges (Listing fees for convertible equity securities) which applies to convertible preference shares, whether irredeemable or otherwise.
6. **XYZ Berhad is an existing listed company which proposes to undertake a bonus issue of 1 new share for every 2 existing shares held by its shareholders. How much is the additional listing fees payable by XYZ Berhad?**

XYZ Berhad need not pay any additional listing fees. However, pursuant to paragraph 10.3(a) of the Fees and Charges, XYZ Berhad will need to pay processing fees of RM5,000 + 0.005% of the issued and paid-up capital to be listed subject to a maximum amount of RM300,000.

7. **M Berhad is an existing listed issuer on the Main Market of Bursa Securities with an issued and paid-up capital of RM100,000,000 comprising of 100,000,000 shares of RM1.00 each. M Berhad proposes to undertake a Share Issuance Scheme of up to 15% of its issued and paid-up capital, at an exercise price of RM10. How much is the additional listing fees payable by M Berhad for the listing of the shares issued pursuant to the Share Issuance Scheme?**

Based on its existing issued and paid-up capital, M Berhad may issue up to 15,000,000 shares under the Share Issuance Scheme and the options may be exercised over a period of time.

Under paragraph 2.2 of the Fees and Charges, the additional listing fees payable by M Berhad is 0.01% of the total market value of the additional shares listed, subject to a minimum fee of RM10,000 and a maximum fee of RM100,000.

This means that at the first listing of the shares under the Share Issuance Scheme, M Berhad must pay a minimum additional listing fee of RM10,000. Based on this amount, the number of shares under the Share Issuance Scheme that M Berhad can issue at the first instance is 10,000,000 shares. The calculation is as follows, assuming that the issue price for the shares under the Share Issuance Scheme is RM10:

**Fees and Charges For The Main Market  
[Questions & Answers]**

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Minimum additional listing fee payable i.e. 0.01% of the total market value of the additional shares listed	=	RM10,000
0.01% x (RM10 x number of shares under the Share Issuance Scheme)	=	RM10,000
(RM10 x number of shares under the Share Issuance Scheme)	=	RM10,000/0.01 x 100
	=	RM100,000,000
Therefore, <u>number of shares under the Share Issuance Scheme</u>	=	RM100,000,000/RM10
	=	<u>10,000,000</u> shares

Therefore, based on the first additional listing fee of RM10,000 paid by M Berhad, the company can issue up to 10,000,000 shares under the Share Issuance Scheme.

However, for the issuance of the remaining balance of 5,000,000 shares under the Share Issuance Scheme, M Berhad would be required to pay a further additional listing fee as follows:

0.01% x (RM10 x 5,000,000) = RM5,000. However, under paragraph 2.2 of the Fees and Charges, the minimum fee payable is RM10,000. As such, M Berhad will be required to pay a further RM10,000 in relation to the issuance of the remaining 5,000,000 shares under the Share Issuance Scheme.

**8. Paragraph 2.3 of the Fees and Charges provides that the annual listing fees payable by listed issuers is 0.0025% of the total market value of the issued capital of the listed issuer, subject to a minimum fee of RM20,000 and a maximum fee of RM100,000.**

**(a) How is “total market value” calculated for the purposes of paragraph 2.3?**

Paragraph 1.1(b) of the Fees and Charges provides that in relation to annual listing fees (other than the first annual listing fee payable upon listing) market value will be based on the last traded price on the last market day of the calendar year or where the securities are suspended on such day, the last traded price before suspension or such other valuation as may be determined by Bursa Securities.

As such, the total market value of the issued capital of the listed issuer which is not suspended is calculated as follows:

Total market value = Last traded price on the last market day of the calendar year x Total number of shares of the listed issuer as at the last market day of the calendar year

**(b) Are treasury shares included in the above calculation of “total market value”?**

Yes, treasury shares form part of the “total number of shares of the listed issuer as at the last market day of the calendar year” referred to in paragraph (a) above.

**Fees and Charges For The Main Market  
[Questions & Answers]**

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9. **ABC Berhad is listed on the Main Market in July 2009. Based on the calculation set out in paragraph 2.3 of the Fees and Charges, the annual listing fees of ABC Berhad amounts to RM50,000. How much annual listing fee must ABC Berhad pay for 2009?**

Since ABC Berhad is only listed in July 2009 (i.e. second half of the year), the first annual listing fee payable by ABC Berhad will be pro-rated. The total annual listing fee that ABC Berhad will be required to pay in respect of 2009 is RM25,000 (i.e. half of RM50,000).

10. **DEF Berhad is listed on the Main Market in July 2009. Based on the calculation set out in paragraph 2.3 of the Fees and Charges, the annual listing fees of DEF Berhad amounts to RM15,000. However, paragraph 2.3 of the Fees and Charges provides that the minimum annual listing fee payable is RM20,000. As DEF Berhad is only listed in July 2009, how much annual listing fee must DEF Berhad pay for 2009?**

DEF Berhad will be required to pay the amount of RM20,000 as the annual listing fee for 2009 as this is the minimum fee payable pursuant to paragraph 2.3 of the Fees and Charges. Notwithstanding that ABC Berhad is only listed in July 2009, the said amount of RM20,000 will not be pro-rated as it is the minimum fee payable by listed issuers.

11. **N Berhad is an existing listed issuer on the Main Market of Bursa Securities who wishes to undertake a corporate proposal comprising of a rights issue, private placement and issuance of shares for debt settlement purposes.**

**How will the additional listing fees be calculated in respect of this proposal?**

The additional listing fees payable by N Berhad in respect of the rights issue, private placement and issuance of shares for debt settlement purposes will be calculated separately notwithstanding that the shares are issued as part of one corporate proposal.

***Listing fees for convertible debt securities and non-convertible debt securities***

12. **Paragraph 4.3 of the Fees and Charges provides that the annual listing fee payable in respect of debt securities under an Exempt Regime is a fixed sum of RM2,000 for each class of securities. A listed issuer issues debt securities under an Exempt Regime in April 2010 which will be due in April 2015.**

- (a) **Will the fixed sum of RM2,000 be pro-rated for year 2010?**

No, the listed issuer must pay the full fixed annual listing fee of RM2,000 for year 2010.

- (b) **Will the fixed sum of RM2,000 be pro-rated for year 2015?**

Yes, the fixed annual listing fee of RM2,000 will be pro-rated according to the number of months the debt securities are listed in the year of maturity (i.e. from January until April in year 2015).

So, the minimum annual listing fee payable by the listed issuer for year 2015 is –

= RM2,000/12 months x 4 months

= RM667

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***Listing fees for convertible equity securities***

- 13. A Berhad lists its warrants in July 2009. Based on the calculation set out in paragraph 5.3 of the Fees and Charges, the first annual listing fee for the warrants amounts to RM30,000. Does A Berhad have to pay that amount for 2009 even though the warrants are listed only from July onwards?**

Although the annual listing fee is RM30,000, paragraph 5.3(a) of the Fees and Charges allows the fee to be pro-rated according to the number of months the securities are listed subject to a minimum fee of RM20,000. As the warrants are listed in July 2009, the pro-rated fee is RM15,000. However, as the minimum fee is RM20,000, A Berhad has to pay RM20,000 as the annual listing fee for the warrants in year 2009.

- 14. A listed issuer issued warrants in March 2009 which are due to expire in March 2014. Based on the calculation set out in paragraph 5.3 of the Fees and Charges, such listed issuer is required to pay the minimum annual listing fee of RM20,000 in respect of such warrants. Will the minimum annual listing fee of RM20,000 be pro-rated in 2014?**

Yes, the minimum annual listing fee of RM20,000 will be pro-rated according to the number of months the warrants are listed in the year of maturity (i.e. from January until March in year 2014).

So, the minimum annual listing fee payable by the listed issuer for year 2014 is –

= RM20,000/12 months x 3 months

= RM5,000

- 15. In computing the annual listing fees for warrants, should the total number of warrants outstanding as at the last market day of the calendar year, or the total number of warrants previously issued be used?**

The total number of warrants outstanding as at the last market day of the calendar year should be used to compute the total market value of the securities to arrive at the annual listing fees for warrants.

***Valuation review fee***

- 16. Pursuant to a bonus issue proposal, A Bhd is required to conduct and submit a valuation report to Bursa Securities under paragraph 6.31 of the Main LR, for the purpose of disclosures in circulars for A Bhd's bonus issue. Does A Bhd need to pay any valuation review fee to Bursa Securities?**

No, based on paragraph 11.1 of the Fees and Charges, the valuation review fee will only be charged when the valuation report is prepared for the purpose of disclosures in circulars and documents which require prior perusal by Bursa Securities. In this instance, the valuation report is prepared for the purpose of disclosures in circulars for bonus issue, which is an Exempt Circular under paragraph 2.1(c) of Practice Note 18. Therefore, A Bhd need not pay any valuation review fee to Bursa Securities.

Fees and Charges For The Main Market  
[Questions & Answers]

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17. **As part of its submission to the SC pursuant to section 212 of the CMSA, B Bhd submits a valuation report to the SC for its review. Does B Bhd need to pay any valuation review fee to Bursa Securities?**

No, pursuant to paragraph 11.1(b) of the Fees and Charges, the valuation review fee is not applicable when the valuation report forms part of a submission to the SC pursuant to section 212 of the CMSA.

18. **C Bhd intends to acquire several pieces of land from its related party. The total market value of the land is RM200 million. One of the percentage ratios of the proposed acquisition is 6%. Pursuant to paragraph 10.04 of the Main LR, C Bhd is required to submit a valuation report for the land that it intends to acquire.**

- (a) Does C Bhd need to pay any valuation review fee to Bursa Securities?**

Yes. The circular in relation to the proposed acquisition is subject to Bursa Securities' prior perusal. Pursuant to paragraph 11.1(a) of the Fees and Charges, valuation review fees will be charged for valuation reports submitted in relation to such circular.

- (b) If the answer to Question (a) above is yes, how much valuation review fee does C Bhd need to pay to Bursa Securities?**

Pursuant to paragraph 11.1(a) of the Fees and Charges, the valuation review fees that C Bhd needs to pay to Bursa Securities is –

= 0.01% of the total market value of the land that it intends to acquire

= 0.01% x RM200 million

= RM20,000