CONSULTATION PAPER NO. 4/2018
CONSULTATION RELATING TO INTERIM FINANCIAL REPORTING FRAMEWORK UNDER THE LISTING REQUIREMENTS

Date of Issue: 28 September 2018

Bursa Malaysia Berhad ("Bursa Malaysia") invites your written comments on the issues set out in this Consultation Paper by 30 November 2018 (Friday) via:

- **E-mail : norlailamohamad@bursamalaysia.com**
- **Facsimile : 603 - 2732 0065**
- **Mail : Regulatory Policy & Advisory**
  Bursa Malaysia Securities Berhad
  9th Floor Exchange Square
  Bukit Kewangan
  50200 Kuala Lumpur

Respondents to this Consultation Paper are requested to use the reply format as stipulated in the *Attachment*.

Kindly contact the following persons if you have any queries in relation to this Consultation Paper:

Name	Email	Direct Line
(a) Rowena Ooi Lyn See	rowena@bursamalaysia.com	603 - 2034 7515
(b) Kartina Abd Rahman	kartina@bursamalaysia.com	603 - 2034 7298

Additional copies of this document may be made without seeking permission from Bursa Malaysia or downloaded from its website at www.bursamalaysia.com.

Confidentiality: Your responses may be made public by Bursa Malaysia. If you do not want all or part of your response or name made public, please state this clearly in the response. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only if you request that the information remain confidential.

Please see our Personal Data Notice as set out in the Appendix to this Consultation Paper.

TABLE OF CONTENTS

A. INTRODUCTION

1. This Consultation Paper aims to draw out views, comments and suggestions on whether the current quarterly reporting regime should be maintained for our market and in that regard, what would be the appropriate interim reporting framework for Malaysia.

2. At this stage, the Exchange is not putting forward any specific proposal or rule change to the Main Market or ACE Market Listing Requirements (collectively the "**LR**") for consultation. Instead, we are soliciting views on the issue of frequency of interim reporting given that this is a topic which elicits very divergent views.

3. As such, this Consultation Paper is crafted to be a neutral and factual presentation of the relevant issues and considerations. It sets out the background of the quarterly reporting regime in Malaysia and broadly discusses the diverse views on the value of quarterly reports as well as the developments in and the approaches taken by benchmarked jurisdictions.

4. Through this Consultation Paper, the Exchange hopes to promote an informed, focused and coherent discussion from a broad cross-section of the market so that the Exchange can make a balanced decision on any further action in the best interests of the market overall.

5. Depending on the comments and views that the Exchange receive from this Consultation Paper, the Exchange anticipates either of the following outcomes:

   (a) maintaining the status quo with no amendments to the LR; or

   (b) formulating the appropriate proposals and LR amendments which would entail a second stage formal rule consultation process at a later date.

B. BACKGROUND

6. The quarterly reporting framework was first introduced by the Exchange in 1999. It was aimed at providing a more regular update relating to the financial condition of listed issuers and restoring investors' confidence in the aftermath of the Asian financial crisis. Under the framework, listed issuers were required to report their financial results within 2 months from the end of every financial quarter. This obligation remains in effect as to date.

7. The quarterly reporting framework was subsequently reviewed in 2013 pursuant to a recommendation under the Corporate Governance Blueprint launched by the Securities Commission Malaysia ("**SC**") on 8 July 2011 ("**CG Blueprint**")[1]. Arising from the CG Blueprint, a taskforce spearheaded by the Exchange was established comprising representatives from the SC, the Audit Oversight Board, selected industry associations and listed issuers ("**Taskforce**")[2] . In its review, the Taskforce looked into the continued relevance of quarterly reports ("**QRs**") and the shortening of the timeframe for issuance of QRs, annual audited financial statements and annual reports.

8. Following that, the Exchange issued a Consultation Paper No. 1/2013 entitled *"Proposed Review of Timeframe for Issuance of Financial Statements and Annual Reports by Listed Issuers"* on 31 May 2013 which discussed the merits of and criticisms against QRs. After considering the views of the Taskforce as well as the arguments both for and against quarterly reporting, it was decided that QRs were still relevant and required by investors. Hence, the policy to issue QRs was maintained as frequent periodic financial reporting would promote better corporate governance and transparency in the market place.

9. Since then, discussions surrounding the quarterly reporting framework continue to generate interest and debate globally, particularly in terms of its merits. Whilst it was acknowledged that QRs improve transparency for investors and instil financial discipline among listed issuers, such reports have also given rise to the perceived short-term focus among listed issuers and investors, as well as the issue of compliance cost for the listed issuers.

10. In light of the recent global developments and interest expressed by our various stakeholders in this area, the Exchange has decided to issue this public consultation paper, to accord an opportunity for our diverse stakeholders to express their views, thoughts and preference on the interim financial reporting framework in the Malaysian context. The Exchange welcomes your views and feedback on this, so that we can better assess if a change to the current interim financial reporting regime is necessary. This consultation is part of our continuous effort to ensure an appropriate and balanced periodic reporting framework for both the listed issuers and investors.

C. MERITS AND CRITICISMS OF QUARTERLY REPORTING

11. Financial reporting serves as a valuable tool in providing investors with information to assist them in making investment decisions. However, there is no clear consensus amongst business leaders, academicians, commentators, governance advocates, investor groups and regulators on its frequency, particularly the interim financial reports. Opinions on the value of QR are often divisive amongst the various stakeholders.

---

[1] The CG Blueprint recommended that a taskforce of industry and regulators be formed to undertake a review of the framework for periodic disclosure of financial and non-financial information.

[2] In addition to the regulators (SC, Bursa Securities and the Audit Oversight Board), the Taskforce members also included representatives from the top 4 audit firms (Ernst & Young, KPMG, Deloitte and PwC), industry associations such as the Malaysian Accounting Standards Board, Minority Shareholder Watch Group, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants, as well as selected listed issuers.

Merits of QR

12. Advocates of QR often cite increased transparency and reduced information asymmetry as key benefits of quarterly reporting.

Regular access to information by shareholders

13. QRs provide regular release of information regarding the interim financial performance of a listed issuer. This ensures that investors have access to updated information to assist them in making their investment decisions. It also allows investors to evaluate the performance of the listed issuer and its management on a regular basis, and helps to reassure them and reduce surprises especially in a period of considerable economic uncertainty. Hence, investors are concerned that with the removal of QR, it will take longer for them to be apprised of the financial performance of their investee companies or be able to hold management to account.

14. A study in 2016 titled "*Financial Reporting Frequency and Earnings Information Spillovers Around the World"* highlighted that there was evidence to suggest that reduced reporting frequency impairs the ability of investors to properly value firms and impedes the efficiency of financial markets[3].

15. Therefore, commentators have highlighted that whilst it may appear more attractive for companies to list if reporting requirements were to be lessened, consideration should also be given on the reduced attractiveness for investors to invest when information is reported less frequently[4].

Better financial discipline on listed issuers

16. On the part of listed issuers, quarterly reporting is beneficial as it helps to instil a level of financial discipline on them. It compels the management and board of listed issuers to review the financial performance of their company in a regular and timely manner. This in turn mitigates risks associated with gaps in reporting periods.

---

3 This was a joint study, conducted by Salman Arif of the Kelley School of Business at Indiana University and Emmanuel T De George of London Business School, which examined whether companies' reduced reporting frequency affects how investors use alternative sources of information.

They found that not only does low reporting frequency affect asset prices by exacerbating information spillovers, but it can also have unintended consequences in the form of impairing the ability of investors to properly value firms and impeding the efficiency of financial markets. Hence, they recommended that regulators and policymakers around the world should take into account these consequences when considering changing the frequency of mandatory financial reports.

<https://www.tilburguniversity.edu/upload/b26a58be-f048-4f04-8a3f-f797a9c77e2e_Arif%20De%20George_TAR_sub080117%20%28full%20paper%29.pdf>.

4 https://www.businesstimes.com.sg/companies-markets/quarterly-reporting-the-road-ahead.

Equal access to information

17. Academic literature[5] has also generally established that more frequent reporting reduces the average level of information asymmetry. Quarterly reporting is believed to level the playing field between the listed issuer's management and its shareholders as it ensures regular, fair and timely access to information for all investors. It equalises the advantage insiders have over outsiders.

18. This view was echoed by other corporate governance proponents who highlighted the necessity to maintain the QR due to the participation of retail investors and the disparity of information available to insiders and public investors[6]. For this, it was opined that the continuous disclosure obligation or the strengthening of securities regulation was not a substitute for quarterly reporting. Hence, it was suggested that instead of reducing the frequency of reporting, policy makers and regulators should consider simplifying in the contents of the QR[7].

Criticisms against QR

19. Whilst the QR is still a valuable source of information for investment decision making, criticisms on its flaws are also growing.

Short-termism

20. Opponents of QRs have often cited that such reports encourage short-term focus among listed issuers and investors, at the expense of long-term value creation.

21. For listed issuers, the frequent reporting tends to pressure management to consistently produce positive results rather than focus on long-term strategies and investments needed for the long-term viability of the business. There is a tendency to under-invest, whether in physical assets or in intangibles such as product development, employee skills and reputation with customers, in order to produce short-term results.

---

5 Renhui Fu, Arthur Kraft and Huai Zhang, 'Financial Reporting Frequency, Information Asymmetry, and the Cost of Equity' (2012) *Journal of Accounting and Economics*, <https://edisciplinas.usp.br/pluginfile.php/611630/mod_resource/content/1/Demonstra%C3%A7%C3%B5es%20intermedi%C3%A1rias%20.pdf>.

Robert Stoumbos, 'How Does More Frequent Reporting Reduce Information Asymmetry' (2017) *Columbia Business School Research Paper*, <https://cpb-us-w2.wpmucdn.com/campuspress.yale.edu/dist/9/1650/files/2017/07/Stoumbos-How-Does-More-Fequent-Reporting-Reduce-Info-Asymmetry-FINAL-DRAFT-201s2ud.pdf>.

6 Mak Yuen Teen and Chew Yi Hong, 'Scrapping quarterly reporting a bad move', (2017). The article discussed the relevancy of QR in the Singaporean context, but similar argument should be valid in Malaysia as well. <https://governanceforstakeholders.com/2017/08/16/scrapping-quarterly-reporting-a-bad-move/>.

7 Mak Yuen Teen, 'Response to Consultation Paper - Review Of The Quarterly Reporting Framework' (2018), <https://governanceforstakeholders.com/2018/02/04/response-to-consultation-paper-review-of-the-quarterly-reporting-framework/>.

22. This was supported by a study published in *The Journal of Accounting and Economics*[8] where it was found that 78% of chief financial officers ("**CFOs**") in the United States ("**US**") would sacrifice long-term value to meet their quarterly earnings targets. The study also indicated that managers would want to meet or beat earnings benchmarks to build credibility in the capital market, maintain or increase stock price, improve external reputation of the management team and convey future growth prospects. Such earnings management was achieved through actions such as delaying or decreasing research and development, maintenance or advertising expenditure, and even delaying or giving up on new projects to meet earnings target. Managers also spend more time explaining why they missed the benchmark, rather than presenting their vision of the company's future.

23. A report published by the CFA Centre for Financial Market Integrity and the Business Roundtable Institute for Corporate Ethics in 2006 titled *Breaking the Short-Term Cycle*[9] subsequently reiterated the results from the study above which demonstrated that corporate managers were willing to sell assets, decrease spending in research and development, as well as forgo strategic investments, to meet short-term earnings targets. In this regard, the report defined short-termism as 'the excessive focus of some corporate leaders, investors, and analysts on short-term, quarterly earnings and a lack of attention to the strategy, fundamentals, and conventional approaches to long-term value creation.'

24. On the part of investors, quarterly reporting may lead them to focus on immediate figures and results in making assessments on whether to invest. This has been argued to result in greater likelihood of investments being made based on the short-term movements in share price as opposed to the investors' understanding of the company's fundamental value. Similarly for the analysts, QRs may encourage analysis on short periods of time and encourage promotion of trading recommendations rather than fundamental analysis.

---

[8] John R. Graham, Campbell R. Harvey and Shiva Rajgopal, 'The economic implications of corporate financial reporting', (2005) <https://faculty.fuqua.duke.edu/~charvey/Research/Published_Papers/P89_The_economic_implications.pdf>.

This study was also referenced by the Star in a recent article published on 22 September 2018 titled "*Short Position*" where it was stated that quarterly reporting "*…. has evolved into a system where companies are obsessed with managing quarterly numbers that eventually can distort the overall actual financial performance of a firm*". The findings in the study were stated as supporting facts. <https://www.thestar.com.my/business/business-news/2018/09/22/a-step-back-to-edotco-listing-different-signals-in-property-two-or-four-times/>

[9] https://www.npr.org/documents/2006/jul/shortterm2006.pdf

25. In 2012, the Final Report on the *Kay Review of UK Equity Markets and Long-Term Decision Making*[10] ("**Kay Review**") concluded that short-termism is a problem in UK equity markets and made recommendations that were designed to provide a foundation for a long-term perspective in UK equity markets. Among others, the Kay Review came down clearly on the side of less frequent information flows. This was aimed at reducing the pressures for short-term decision making that arise from excessively frequent reporting of financial and investment performance (including quarterly reporting by companies), and from excessive reliance on particular metrics and models for measuring performance, assessing risk and valuing assets. The same stance was also taken by the European Union ("**EU**") when it removed the requirement to report on a quarterly basis.

26. In our context, similar sentiments on quarterly reporting and short-termism were echoed by the International Integrated Reporting Council ("**IIRC**") at the Investors' Roundtable on Integrated Reporting organised by the Integrated Reporting Steering Committee of the Malaysian Institute of Accountants ("**MIA**") in August 2015. A report on the event published by MIA[11] noted the IIRC's views that with better information flows and recognition of interconnection of capitals, the current regime of quarterly reporting which focuses on short-term thinking and decision-making can be put to an end. Better dialogue between investors and businesses for improved strategy, resource allocation and the creation of value over the short, medium and long term, should be encouraged instead.

27. Whilst short-termism is often the cited problem with quarterly reporting, the validity of such argument remains open-ended. Findings from recent research or academic papers which discussed the impact of quarterly reporting and short-termism were mixed.

28. An April 2017 paper which examined the real investment effects of increasing financial reporting frequency of US companies[12] found a statistically and economically significant decline in investments after companies increase their reporting frequency. The more frequent reporting was also associated with subsequent decline in operating efficiency and sales growth. Based on these findings, it was suggested that part of the investment decline reflects the effect of myopic or short-term management behaviour following increases in reporting frequency.

---

10 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/253454/bis-12-917-kay-review-of-equity-markets-final-report.pdf

11 https://www.mia.org.my/v2/downloads/ppt/ir/publications/2016/01/20/Report_on_Session_with_PLCs.pdf

12 Arthur Kraft, Rahul Vashishtha and Mohan Venkatachalam, 'Frequent Financial Reporting and Managerial Myopia' (2017) *The Accounting Review, Forthcoming*, <https://sites.duke.edu/vashishtha/files/2017/05/KVV-April-26-2017.pdf>

29. On the other hand, a March 2017 research paper titled *Impact of Reporting Frequency on UK Public Companies*[13] found that shifting the frequency of interim reports by UK companies did not have any statistically significant impact on their business investments[14]. Instead, with QR, analyst coverage of listed companies increased and the accuracy of analyst forecasts of company earnings improved. This seemed to suggest that moving from quarterly to semi-annual reporting was not an effective response to concerns about the undue corporate emphasis on short-termism. The authors argued that that delaying a report by a few months would not fix the problems of short-termism[15]. Others had also raised similar arguments[16].

30. In addition to the above, the European Securities and Markets Authority also disagreed that QR could per se encourage short-termism and noted that there was no evidence that abolishing of QR mechanically contributed to the promotion of long term investment.[17]

Cost of compliance

31. Apart from the issue of short-termism, another criticism levelled against QR is that it increases regulatory burden and cost of compliance. It has been argued that it is time-consuming and costly for listed issuers to prepare quarterly reports.

32. The management of a listed issuer will need to devote significant time and effort to prepare the QRs and announce the same to the Exchange by the due date. Overall, this may lead to unproductive use of the listed issuer's resources. With less frequent reporting, the listed issuer's resources can be better utilised on managing its business and operations. The listed issuer can also focus more on strategy, business expansion and growth.

---

13 Suresh Nallareddy, Robert Pozen and Shivaram Rajgopal, 'Consequences of Mandatory Quarterly Reporting: The U.K. Experience' (2017) *Columbia Business School Research Paper*, <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2817120>.

14 The findings were premised on the expectation that if more frequent reporting induces short-termism, then companies reporting on a quarterly basis should be associated with lower investments. In determining the level of company investments, an array of measures was applied i.e. capital expenditures; net plant property and equipment; research and development; and intangible assets.

15 In the paper, the authors stated that if quarterly reporting leads company executives to focus on profits during the next 3 months, then a shift to semi-annual reporting might logically lead them to focus on profits during the next 6 months and not on corporate investments with good prospects over the next 3 to 5 years.

16 Barry Ritholtz, 'Wrong Fix for Short-Term Corporate Thinking', (2015), *Bloomberg*, <http://www.bloombergview.com/articles/2015-08-20/wrong-fix-for-short-term-corporate-thinking>; and Mark J. Roe, 'The Imaginary Problem of Corporate Short-Termism', (2015) *The Wall Street Journal*, <www.wsj.com/articles/the-imaginary-problem-of-corporate-short-termism-1439853276>.

17 This is pursuant to the response from the European Securities and Markets Authority to the European Commission's consultation on the Fitness Check on the EU Framework for public reporting by companies issued on 21 March 2018. The response was made in relation to the issue on whether the abolishing of the QR requirement in 2013 by issuer contributed to, among others, promoting long term investment (i.e. discouraging the culture of short-termism on financial markets) and promoting long term and sustainable value creation and corporate strategies.

33. Whilst proponents for QRs agree that QR may lead to additional costs, the burden of quarterly reporting may not be excessive as some critics have made them out to be. Arguments raised to counter the cost issue include the following:

(a) The systems and processes required to do quarterly reporting are similar to those that are required for producing half yearly and annual financial statements. Further advancement in technology used in accounting should allow companies to prepare financial statements in a less costly manner now than in the past.

(b) A listed issuer would normally already have monthly financial reporting as part of its business. Hence, the raw data necessary to do quarterly reporting is already available.

(c) There should not be undue increase in audit costs as QRs are not required to be audited or reviewed.

(d) Listed issuers should recognise that these are necessary costs associated with being listed and being able to solicit funds from the public. Hence, keeping shareholders informed is not an optional cost of doing business, it should be a prerequisite to how a listed issuer is run.

34. In terms of the smaller listed issuers, there were views that the benefit of having QRs outweighs the cost incurred in preparing them. As smaller listed issuers have less institutional investors and less analyst coverage, such listed issuers should continue to provide QRs[18].

35. The Securities and Exchange Commission ("**SEC**") in the US whilst cognizant of the cost issue, also noted that smaller companies may be more volatile and quarterly reporting may provide more timely disclosure of performance issues. Additionally, because smaller, capital-intensive companies may need greater or more frequent access to capital markets, more frequent reporting may provide greater investor confidence and a lower cost of capital for these companies[19].

Quality of QRs

36. Another argument raised against QR relates to the issue of reliability and quality of information in QRs. It has been said that quarterly accounting information usually contains larger amounts of measurement fluctuation and this is likely to reduce its usefulness, especially to the less sophisticated or savvy investors[20].

---

18 Mak Yuen Teen, 'Response to Consultation Paper - Review Of The Quarterly Reporting Framework' (2018), <https://governanceforstakeholders.com/2018/02/04/response-to-consultation-paper-review-of-the-quarterly-reporting-framework/>.

19 See the Concept Release issued by the SEC on 15 April 2016 relating to Business and Financial Disclosure Required by Regulation S-K, <https://www.sec.gov/rules/concept/2016/33-10064.pdf>.

20 Dr. Tan Boon Seng, Miao Bin and Lim Ai Leen, 'Quarterly Reporting: Is Less More, or Is More More?' (2014) <https://isca.org.sg/media/2979/26-31-isca-may-focus-cover-story-v3-lr.pdf>.

37. Additionally, the Kay Review had noted that much information that was provided in standard templates was simply "noise" i.e. the frequent reporting of data irrelevant to long-term value creation. Hence, it was recommended that such "noise" in information be reduced.

38. Others had also cited similar comments namely that QR was simply noise and did not really provide investors with help in price discovery. It had also become so complicated that most investors would not be able to understand them[21].

D. JURISDICTIONAL STUDIES

39. As there are varying views on the appropriate frequency for interim financial reports, practices differ from jurisdiction to jurisdiction. It is interesting to note that Singapore and Hong Kong practise a dual reporting framework where a company can either report on a quarterly or semi-annual basis depending on the size of the company or the market in which the company is listed on. On the other hand, the United States and Canada still maintains its QR regime for its listed issuers, whilst the United Kingdom has embraced the semi-annual reporting framework since 2014. Australia had introduced the semi-annual reporting regime for its listed issuers since 2003.

40. The key findings from our jurisdictional studies are set out below.

Singapore

41. Mandatory quarterly financial reporting was first introduced in Singapore in 2003 for larger listed companies i.e. those with market capitalisation of above S$20 million. The threshold was subsequently raised to S$75 million and remain as such currently. As for the rest of the companies, they are only required to report on a semi-annual basis.

42. Earlier this year, the Singapore Stock Exchange ("**SGX**") issued a consultation paper[22] to seek feedback on the following:

(a) The need to retain QR.

(b) The proposals below if QR is retained:

- increasing the market capitalisation threshold to S$150 million to ease regulatory burden;

- coupling the increase in market capitalisation above with the requirement of having at least 1 shareholder having interest in at least 15% of the total number of issued shares in the company, to address the risk of disparity of information between such shareholder(s) and the minority shareholders;

---

21 https://business.financialpost.com/legal-post/the-case-for-ditching-the-quarterly-financial-report-mostly-noise

22 The consultation period was from 11 January 2018 to 9 February 2018. SGX is now considering the feedback received.

- allowing a listed company to discontinue with QR for 3 years if specific shareholder approval via ordinary resolution is obtained and such mandate may be renewed upon expiry. This is to empower the shareholders (being the main beneficiaries of QR) to decide whether the benefits they get out of QR outweigh the costs for the company; and

- simplifying the contents of the QR.

Hong Kong

43. As for Hong Kong, QR is only mandatory for the small and mid-sized companies that are listed in the Growth Enterprise Market. The Hong Kong Mainboard listed companies report on a semi-annual basis.

44. In 2007, the Hong Kong Stock Exchange proposed to extend the QR requirement to Mainboard companies but the proposal was met with strong opposition from the business community. As such, Hong Kong Mainboard companies continue to issue semi-annual reports instead of QRs.

Australia

45. In Australia, the financial reporting obligation imposed on listed companies is generally on a half-yearly basis. However, certain companies that are listed without a revenue or profit track record as well as mining exploration and oil and gas exploration companies are required to file quarterly cash flow statements.

United States (“US”)

46. The US on the other hand, adopts a full QR framework. Publicly traded companies are currently mandated by the SEC to issue QR.

47. Whilst that may be the case, the SEC has been requested to review the QR framework and allow half-yearly reporting instead. The SEC subsequently responded that it will continue to study issues affecting long-term decision making for companies including the frequency of reporting, and welcomes input from companies, investors, and other market participants on these important matters.

United Kingdom (“UK”) & EU

48. In the UK, the mandatory quarterly reporting was first introduced in 2007 for all public companies. Subsequently in 2014, the Financial Conduct Authority moved to abolish quarterly reporting to reduce the administrative burden, in particular for small and medium-sized issuers, and to encourage long term investment.

49. This was also in line with the removal of QR by the EU which found that the obligation to publish QRs as being burdensome for many small and medium-sized listed issuers, without being necessary for investor protection. The EU also cited that QRs encourage short-term performance and discourage long-term investment. Hence, to encourage sustainable value creation and long-term oriented investment strategy, it is essential to reduce short-term pressure on issuers and give investors an incentive to adopt a longer-term vision. Hence, the requirement to publish QRs should be abolished[23].

Canada

50. In Canada, all issuers are required to report on a quarterly basis. This policy was maintained after a consultation by the Canadian Securities Administrators ("**CSA**") on 6 April 2017. In the said consultation, CSA had proposed to permit semi-annual reporting for all issuers as part of their reforms aimed at reducing ongoing disclosure requirements. However, following the feedback received, CSA had decided to maintain the quarterly reporting framework for all issuers as the proposal received little support from respondents. Some of the respondents who were not supportive of permitting semi-annual reporting cited reasons that QR provides investors with timely, consistent disclosure, and it instills discipline and accountability in reporting practices.

E. ISSUES FOR CONSULTATION

51. Given the ongoing debate on the need for quarterly reporting and the discussion above, the Exchange would like to solicit feedback from the public on the following questions:

(a) Do you think QR should be maintained in the Malaysian context? Please provide reasons for your response.

(b) Do you think QR encourages the culture of short-termism among the listed issuers and investors? Please provide reasons for your response.

(c) Do you think it is costly (in terms of monetary, time and effort aspects) for listed issuers to prepare QR? Please provide reasons for your response.

(d) Do you think the benefits of QR outweigh the issues and challenges associated with it, including promoting short-termism and increasing cost of compliance? Please provide reasons for your response.

(e) Do you think the contents of the QR should be simplified instead of reducing its frequency? If so, please state your suggestions for areas to be simplified.

(f) In your opinion, how often should a listed issuer publish its interim reports?

☐ Every quarter as required currently for both the Main and ACE Markets (Please explain why)

[23] *Directive 2013/50/EU* of the European Parliament and of the Council of the European Union, 22 October 2013, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0050&from=EN>.

☐ Semi-annual basis for both the Main and ACE Markets
(Please explain why)

☐ Others
(Please specify and provide reasons for your suggestion)

(g) Do you think our market is ready to move towards a less frequent financial reporting regime? Please provide reasons for your response.

(h) If a less frequent financial reporting regime is introduced, do you think there is still adequate transparency to the market through disclosures of material information, transactions and other periodic reports (e.g. semi-annual reports, annual audited financial statements and annual reports) to enable informed investment decision? Please provide reasons for your response.

(i) If a less frequent financial reporting regime is introduced, do you think the timeframe for issuance of the interim reports can be expedited to 45 days? Please provide reasons for your response.

(j) Do you have any other views/suggestions on improving the current interim reporting framework?

[End]

ATTACHMENT

TABLE OF COMMENTS

[Please see the Attachment setting out the Table of Comments enclosed with this Consultation Paper]

APPENDIX BURSA MALAYSIA'S PERSONAL DATA NOTICE

In relation to the Personal Data Protection Act 2010 and in connection with your personal data provided to us in the course of this consultation, please be informed that Bursa Malaysia's personal data notice ("**Notice**") is available at www.bursamalaysia.com. Kindly ensure that you read and are aware of the Notice.

If you are submitting personal data of an individual other than yourself ("**data subject**"), please ensure that prior to such submission, you have provided the data subject with written notice of the Notice unless section 41 of the Personal Data Protection Act 2010 ("**PDPA**") applies or Bursa Malaysia otherwise specifies in connection with the PDPA.

~~~~~~

Berhubung Akta Perlindungan Data Peribadi 2010 dan berkenaan semua data peribadi anda yang diberikan di dalam proses konsultasi ini, sila ambil maklum bahawa notis Bursa Malaysia mengenai data peribadi ("**Notis tersebut**") boleh didapati di www.bursamalaysia.com. Sila pastikan yang anda membaca dan memahami Notis tersebut.

Jika anda mengemukakan data peribadi individu pihak ketiga ("**Subjek Data**"), anda mesti memastikan bahawa Subjek Data telah diberi notis bertulis mengenai Notis tersebut terlebih dahulu kecuali seksyen 41 Akta Perlindungan Data Peribadi 2010 ("**APDP**") terpakai atau Bursa Malaysia sebaliknya menyatakan berkenaan dengan APDP.

[End of the Appendix]
~~~~~~