CONSULTATION PAPER NO. 4/2021
PROPOSED AMENDMENTS TO THE MAIN MARKET AND ACE MARKET LISTING REQUIREMENTS IN RELATION TO CONFLICT OF INTEREST AND OTHER AREAS

Date of Issue: 30 November 2021

Bursa Malaysia Berhad ("Bursa Malaysia") invites your written comments on the issues set out in this Consultation Paper by 25 January 2022 (Tuesday) via:

- **E-mail : rpa@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*.

If you have any queries in relation to this Consultation Paper, kindly contact us at the e-mail address above.

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A. INTRODUCTION

1. This Consultation Paper seeks views and comments from the public on the proposed amendments to Bursa Malaysia Securities Berhad ("**the Exchange**") Main Market Listing Requirements ("**Main LR**") and ACE Market Listing Requirements ("**ACE LR**") (collectively, "**LR**") in relation to conflict of interest and other areas (the "**Proposed Amendments**").

B. BACKGROUND

2. We review the LR from time to time to ensure that our rules remain fit for purpose to meet the changing needs of our market, strengthen governance and safeguard investor protection.

3. In this review, we focus on enhancing the requirements in the LR to address issues associated with conflict of interest ("**COI**") involving directors and key senior management with the listed issuer and its subsidiaries. We will also be improving clarity and simplifying the LR requirements, where appropriate.

4. We considered practices in benchmarked jurisdictions, our findings and observations arising from our supervision and monitoring activities as well as feedback given by stakeholders in contemplation of the Proposed Amendments.

C. KEY PROPOSED AMENDMENTS

6. The key Proposed Amendments and the objectives that we seek to achieve are as follows:

   (a) promoting greater transparency of directors' and key senior management's COI, and enhancing accountability of audit committee ("**AC**") in its oversight over situations of COI by –

      (i) enhancing disclosures of COI or potential COI (including interest in competing business) that a director or key senior management has with the listed issuer or its subsidiaries; and

      (ii) requiring the AC to disclose a summary of any COI or potential COI situation that has arisen during the financial year and the measures taken to resolve, eliminate, or mitigate such conflicts, in its audit committee report; and

   (b) enhancing the LR in other areas to address issues or gaps in the market and ensure the LR remains balanced, clear, relevant and updated such as –

(i) disapplying the requirements on specific shareholder approval and abstention from voting in a new issue of securities to specified persons who are connected to interested parties, where the potential conflict of interest is remote, subject to certain conditions;

(ii) exempting a permitted indemnity or insurance coverage for directors from the related party transaction ("**RPT**") requirements;

(iii) clarifying the obligations of a listed issuer to comply with the relevant material transaction requirements in respect of a RPT undertaken by a subsidiary that triggers the percentage ratio of 25% or more, which does not involve the interest of any related party of the listed issuer or the listed issuer's holding company;

(iv) requiring disclosure of email address of the registered office and office where the register of securities is kept and disclosure of facsimile number only if available, in annual report; and

(v) making other amendments to provide greater clarity and formalise existing practices.

7. Details of the Proposed Amendments and their rationale are provided in "**Section D: Details of the Proposed Amendments**" of this Consultation Paper.

8. The full text of the Proposed Amendments to the Main LR and ACE LR are provided in **Annexures A** and **B** respectively and are reflected in the following manner:

(a) portions underlined are text newly inserted, added or replaced onto the existing rules; and

(b) portions struck through are text deleted.

9. The Exchange invites comments on the Proposed Amendments as discussed below. Comments can be given by filling up the template as attached in the ***Attachment***.

Note:

*As the Proposed Amendments are open to comments and feedback from the public, the final amendments may be different from those stated in this Consultation Paper. Further, the Proposed Amendments have NOT been approved by the Securities Commission Malaysia ("**SC**") and as such, are not the final amendments. The Exchange will submit the Proposed Amendments to the SC for approval after receipt of comments pursuant to this Consultation Paper and making the relevant changes, where appropriate, to the Proposed Amendments.*

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D. DETAILS OF THE PROPOSED AMENDMENTS

PROPOSAL 1 PROMOTING GREATER TRANSPARENCY OF DIRECTORS' AND KEY SENIOR MANAGEMENT'S COI AND ENHANCING ACCOUNTABILITY OF AUDIT COMMITTEE IN ITS OVERSIGHT OVER SITUATIONS OF COI

1. Directors are tasked with managing, directing and supervising the business and affairs of a listed issuer. They are primarily responsible for making strategic decisions of the listed issuer and monitoring their implementation. They are placed in a position of trust and must act objectively in the best interest of the listed issuer.

2. Apart from the directors, the key senior management of a listed issuer, such as the chief executive officer and chief financial officer also plays an important role in ensuring the listed issuer's strategies, business and operations align with established plans, policies and direction of the board.

3. Shareholders place great reliance on the board and key senior management to lead and manage the listed issuer in the best interests of the listed issuer.

4. Given the significance of their roles, directors (and to an extent, the key senior management) are expected to always act in the best interest of a listed issuer, and they must not place themselves in a position where their duties and personal interests conflict.

Current legal and regulatory framework governing COI

5. In view of the director's fiduciary position in a company, the Companies Act 2016 ("**CA 2016**") imposes various duties and obligations on directors, the primary one being the duty to exercise his or her powers for a proper purpose and in good faith in the best interest of the company[1]. Specific duties or obligations in relation to directors' COI are also prescribed such as the following:

   (a) prohibiting a director from using the property of the company, information acquired in his position as director, opportunity of the company, or engaging in business which is in competition with the company, to benefit himself or any other person, or cause detriment to the company, without the consent of shareholders[2];

[1] Section 213 of CA 2016.

[2] Section 218 of CA 2016.

(b) requiring written notification in connection with the director's shareholdings in the listed issuer or its related corporation[3]; and

(c) requiring declaration of the director's interest in a contract of proposed contract with the listed issuer at a meeting of the board of directors[4] and prohibiting the director from participating in the discussion and voting on the contract or proposed contract at such meeting[5].

6. These COI related statutory obligations under CA 2016 are further complemented by the LR which currently requires a listed issuer to –

(a) immediately announce any COI that a director, chief executive or chief financial officer has with the listed issuer when a director[6], chief executive[7], and chief financial officer[8] is appointed;

(b) disclose in its annual report, information in relation to any COI that its director[9], chief executive[10] and key senior management[11] has with the listed issuer;

(c) include information pertaining to COI which a person may have with the listed issuer in the statement accompanying notices of annual general meetings for election of new directors[12]; and

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3 Section 219 of CA 2016.

4 Section 221 of CA 2016.

5 Section 222 of CA 2016.

6 See paragraph/Rule 9.19(12) of the LR. Para (e) Part A Appendix 9A of the LR provides that the announcement in relation to the appointment of a director must include information in relation to any conflict of interest that the person has with the listed issuer.

7 See Paragraph/Rule 9.19(14) of the LR. Para (e) Part B Appendix 9A of the LR provides that the announcement in relation to the appointment of a chief executive (where the chief executive is not a director of the listed issuer), must include information whether the appointee has any conflict of interest with the listed issuer or its subsidiaries.

8 See Paragraph/Rule 9.19(14A) of the LR. Para (d) Part B(A) Appendix 9A of the LR provides that the announcement in relation to the appointment of the chief financial officer must include information whether the appointee has any conflict of interest with the listed issuer or its subsidiaries.

9 Paragraph (3)(g) Part A Appendix 9C of the LR provides that the annual report must include particulars of each director in the listed issuer including any conflict of interest that the person has with the listed issuer.

10 Paragraph (4)(g) Part A Appendix 9C of the LR provides that the annual report must include name of the chief executive (if he/she is not a director) and particulars of each director in the listed issuer including any conflict of interest that the person has with the listed issuer.

11 Paragraph (4A)(f) Part A Appendix 9C of the LR provides that the annual report must include particulars of the key senior management including any conflict of interest that the person has with the listed issuer.

12 Paragraph (f) in Appendix 8A of the LR.

(d) ensure an AC amongst others, reviews and reports to the board of directors, any RPT and COI that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity[13].

7. Notwithstanding the above, we had received feedback on possible non-disclosure of COI by listed issuers. The absence of such disclosure prompted the Exchange to review the existing COI framework, to provide clarity on the intent and purpose of COI disclosure in the LR, and when such disclosure should be made.

Benchmarking studies

8. As part of the review, we considered the provisions in the listing rules in benchmarked jurisdictions[14] with regards to disclosure of COI and the role of the AC in managing COI. Based on the benchmarking studies, we generally noted the following:

8.1 Disclosure of COI/competing business of directors and key management

(a) Singapore requires disclosures of COI with specific reference to interest in competing business that a director or key management may have with the listed issuer in an immediate announcement of such persons' appointment[15]. With regards to the appointment or re-election of directors, similar disclosure is required in notices of meeting and annual report as well[16].

(b) On the other hand, Hong Kong does not have specific disclosure on COI but instead requires more detailed disclosure relating to competing business of a director in the annual report. This include information such as description of the competing business and its management, explanation as to how such business may compete with the listed issuer's business and facts demonstrating that the listed issuer is capable of carrying on its business independently[17].

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[13] See paragraph/Rule 15.12 of the LR.

[14] The jurisdictions which the Exchange benchmarked against were Singapore, Hong Kong, Thailand, Australia and United Kingdom.

[15] Rule 704(7)(a) of the Singapore Exchange ("**SGX**") Mainboard Rules read together with Appendix 7.4.1 to the rules. The disclosure is required for the appointment of directors, chief executive officer, chief financial officer, chief operating officer, general manager or qualified person or other executive officer of equivalent authority, company secretary, registrar and auditors.

[16] Rule 720(6) of the SGX Mainboard Rules read together with Appendix 7.4.1 to the rules. A listed issuer must disclose any COI including competing business of a director being appointed for the first time or re-elected to the board at a general meeting.

[17] Rule 8.10(2) of the Stock Exchange of Hong Kong ("**HKEx**") Main Board Listing Rules. The disclosure must include description of the competing business and its management, to enable investors to assess the nature, scope and size of such business, with an explanation as to how such business may compete with the applicant's business; facts demonstrating that the applicant is capable of carrying on its business independently of, and at arms' length from the competing business; and any change in details previously disclosed in the annual reports.

8.2 Role of AC in managing COI

(a) Thailand prescribes that an AC has the duty to review connected transactions (the equivalent of RPT) or the transactions that may lead to COI, and to disclose in the AC's report, an opinion on the transactions that may lead to COI. Further, if the AC found or suspected that there is a transaction which causes a COI which may materially affect the listed issuer's financial condition and operating results, the AC must report it to the board for rectification.

(b) Singapore prescribes the role of an AC specifically in an interested person transaction (equivalent of RPT) i.e. to give its views whether the transaction is on normal commercial terms, and is not prejudicial to the interests of the listed issuer and its minority shareholders[18].

Proposed COI amendments

9. In light of the above, we propose to enhance the LR as discussed below.

9.1 **Enhancing existing COI disclosures in immediate announcements, annual report and statement accompanying notices of general meeting**

(a) In addition to the existing COI disclosures as highlighted in paragraphs 6(a), (b) and (c) above, we propose to require a listed issuer to disclose any **potential COI situations, including interest in any competing business**, that a director, chief executive, chief financial officer or key senior management, has with the listed issuer or its subsidiaries, in the following:

(i) immediate announcement of appointments of a director, chief executive and chief financial officer[19];

(ii) the section on the profile of directors, chief executive and key senior management in annual reports[20]; and

(iii) statement accompanying notices of annual general meetings for election of new directors[21].

(b) We believe it is important to ensure transparency of COI whether actual or potential, of directors and key senior management. Potential COI situations not only give rise to the perception of biasness against the listed issuer in favour of the director or key senior management, but may also compromise the director's or key senior management's objectivity and ability to perform his or her responsibilities for the listed issuer. As such, through the proposed enhanced disclosures, shareholders and investors will be better able to evaluate and assess

[18] Rule 917(4)(a) of the SGX Mainboard Rules.

[19] Paragraph (e) in Parts A and B, and paragraph (d) in Part B(A), of Appendix 9A of the LR.

[20] Paragraphs 3(g), 4(g), 4A(f) in Part A of Appendix 9C of the LR.

[21] Paragraph (f) in Appendix 8A of the LR.

the COI and the potential risks entailed, or to raise the matter and question the listed issuer where necessary. This will in turn provide greater check and balance on the directors as well as key senior management, leading to better governance and accountability in a listed issuer.

(c) Apart from the above, we also propose to extend the disclosure on COI above to a legal representative of a listed foreign corporation.

(i) Besides the board of directors, in some jurisdictions like China, the law permits the appointment of a legal representative who has the sole power to represent, exercise rights or enter into binding obligations, on behalf of a listed issuer. The legal representative usually holds the listed issuer's common seal and is authorised to perform all acts regarding the general administration of the listed issuer.

(ii) Currently, a listed issuer is required to immediately announce the appointment of, or change in a legal representative and the announcement must include information such as[22] -

- the identity, qualification, experience, occupation, powers and responsibilities of such person;
- risks in relation to the appointment;
- description of the processes and procedures put in place to mitigate the risks in relation to the appointment and an opinion by the board of directors on the adequacy of the processes; and
- reasons for the change, where applicable.

(iii) Given the significant role played by a legal representative which is akin to that of directors, we propose to require a listed issuer to also immediately announce any **conflict of interest or potential conflict of interest, including interest in any competing business, that such person has with the listed issuer or its subsidiaries**[23].

(d) Similar enhanced COI disclosures above are also proposed for disclosures in annual reports on the profiles of key persons of a collective investment scheme such as a real estate investment trust (**"REIT"**), business trust (**"BT"**), closed-end fund (**"CEF"**) and exchange-traded fund (**"ETF"**).

(i) Currently a REIT, BT, CEF and ETF are required to disclose any COI that the director and chief executive of their respective management company or trustee-manager have, with them[24].

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[22] Part B(B) of Appendix 9A of the LR.

[23] Part B(B) paragraph (e) of Appendix 9A of the LR.

[24] Paragraph 1(c) in Part B, paragraph 3(c) in Parts C, E and F, of Appendix 9C of the Main LR.

(ii) In addition to this, we propose to require the REIT, BT, CEF and ETF to also disclose **any potential COI situations (including competing business)** that such person has with them or their subsidiaries[25].

9.2 **Enhancing accountability and transparency of AC in its oversight over situations of COI**

(a) As mentioned in paragraph 6(d) above, a key responsibility of an AC is to review and report to the board of directors, any RPT and COI situation that may arise within the listed issuer or group.

(b) In the case where a listed issuer or its subsidiary enters into a RPT, an AC is also specifically tasked to provide its opinion and basis for such opinion in the announcement and circular to shareholders, that the RPT is[26] -

(i) in the best interest of the listed issuer;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the minority shareholders.

(c) To complement the above and to provide greater transparency and accountability of the role of the AC, we propose to require disclosure of the following in the AC's report[27]:

(i) a summary of any COI or potential COI situation that have arisen for the year; and

(ii) the measures taken to resolve, eliminate, or mitigate such conflicts.

(d) Consequently, we also propose to enhance the AC's responsibility in subparagraph 9.2(a) above by including a review of the measures taken to resolve, eliminate, or mitigate the COI[28].

9.3 Through the proposals set out in paragraphs 9.1 and 9.2 above, we seek to improve the quality of COI disclosures of directors and key senior management, promote better governance practices and accountability in relation to managing COI among listed issuers and enhance investors' confidence. Further, we also expect that directors and key senior management would be more vigilant in discharging their duties and obligations to the listed issuer, given the important fiduciary position they hold in a listed issuer.

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[25] Paragraph 1(c) in Part B, paragraph 3(c) in Parts C, E and F, of Appendix 9C of the Main LR.

[26] Paragraph/Rule 10.08(1) and (2), read together with Appendices 10C and 10D of the LR.

[27] Paragraph/Rule 15.15(3)(f) of the LR.

[28] Paragraph/Rule 15.12(1)(h) of the LR.

Proposal 1: Issue(s) for consultation

1. Do you agree with the proposal in paragraph 9.1(a) of the Consultation Paper which requires a listed issuer to disclose any potential COI situations, including interest in any competing business, that a director, chief executive, chief financial officer or key senior management, has with the listed issuer or its subsidiaries, in the following:

   (a) immediate announcement of appointments of a director, chief executive and chief financial officer;

   (b) the section on the profile of directors, chief executive and key senior management in annual reports; and

   (c) statement accompanying notices of annual general meetings for election of new directors.

   Please state the reasons for your views.

2. Do you agree that the proposed disclosure on COI or potential COI including interest in any competing business with the listed issuer or its subsidiaries should be extended to a legal representative of a listed foreign corporation as proposed in paragraph 9.1(c) of the Consultation Paper?

   Please state the reasons for your views.

3. Do you agree with the proposal in paragraph 9.1(d) of the Consultation Paper that requires a collective investment scheme such as a REIT, BT, CEF and ETF to disclose any potential COI situations, including interest in any competing business, in annual reports on the profiles of the director and chief executive of the respective management company or trustee-manager?

   Please state the reasons for your views.

4. Do you agree with the proposal in paragraph 9.2(c) of this Consultation Paper for an AC to disclose the following in the AC's report:

   (a) a summary of any COI or potential COI situation that have arisen for the year; and

   (b) the measures taken to resolve, eliminate, or mitigate such conflicts.

   Please state the reasons for your views.

5.	Do you have any suggestions to facilitate compliance with the COI disclosures proposed? Please provide your suggestions and reasons for your suggestions.

[End of Proposal 1]

PROPOSAL 2 ENHANCING THE LR IN OTHER AREAS TO ADDRESS ISSUES OR GAPS IN THE MARKET AND ENSURE THE LR REMAINS BALANCED, CLEAR, RELEVANT AND UPDATED

10. In addition to the proposals above, we have also taken this opportunity to address gaps or issues that we observed based on our monitoring and supervision activities, as well as update and simplify the LR requirements, where appropriate.

11. In this regard, we propose the following:

11.1 **Disapplying the requirements on specific shareholder approval and abstention from voting in a new issue of securities to specified persons who are connected to interested parties subject to certain conditions**

(a) Currently, if a listed issuer or any of its subsidiaries (**"listed issuer group"**) issue securities to a director, major shareholder or chief executive of the listed issuer or its holding company, or to a person connected with such director, major shareholder or chief executive (**"person connected"**) (collectively **"interested parties"**) –

(i) the listed issuer must ensure that the allotment of securities to the interested parties is approved by shareholders in a general meeting[29]; and

(ii) the interested parties must abstain from voting on the resolution approving the said allotment[30].

(b) The requirements above seek to safeguard shareholders' interest since the new issue of securities may result in dilution of their shareholdings. Further, they also ensure that parties who may be conflicted in the corporate proposal due to their influence or position in the listed issuer group or relationship with persons of influence, do not vote on the corporate proposal.

(c) However, given the broad ambit of interested parties particularly the person connected limb, the Exchange is also cognisant that there could be limited circumstances where a person connected may have little influence over the listed issuer group and the corporate proposal undertaken by the listed issuer group.

[29] Paragraph 6.06(1) of the Main LR and Rule 6.07(1) of the ACE LR. However, issue of securities to interested parties on a pro rata basis, pursuant to a back-to-back placement, or pursuant to a Dividend Reinvestment Scheme, are not subject to the shareholder approval requirement as stipulated in paragraph 6.06(1A) of the Main LR and Rule 6.07(1A) of the ACE LR.

[30] Paragraph 6.06(2) of the Main LR and Rule 6.07(2) of the ACE LR.

(d) In particular, where a major shareholder and its person connected are either a statutory institution managing funds belonging to the general public or a national fund management company, we have observed that the potential of conflict or influence over the listed issuer group and the corporate proposal is remote. These entities manage a widespread of investments in line with Malaysia's national policies and objectives, and are typically passive investors in the listed issuer group. Strict application of the requirements discussed in subparagraph 11.1(a) above may give rise to inefficiency in fund-raising by the listed issuer group and make it unattractive for such entities to participate in the fund-raising exercise.

(e) In view of the above, we propose to disapply the requirements for specific shareholder approval and abstention from voting, to an issue of securities made to a person connected with a major shareholder if the following conditions are met:

(i) the major shareholder and its person connected are either a statutory institution which is managing funds belonging to the general public or a national fund management company established by the Government of Malaysia;

(ii) the person connected with the major shareholder –

(aa) is not a major shareholder of the listed issuer or its holding company;

(bb) is not involved in the day-to-day management of the listed issuer and does not have any representative in an executive capacity on the board of directors of the listed issuer, its subsidiaries or holding company;

(cc) is not an initiator, agent or involved in any other manner in the proposed issue of securities; and

(iii) the issue of securities is effected through a book building exercise and no preferential treatment will be accorded to the person connected with the major shareholder

(f) We believe the proposal above facilitates fund-raising exercises without compromising on investor protection.

11.2 **Exempting a permitted indemnity or insurance coverage for directors from the RPT requirements**

(a) The CA 2016 currently expressly allows a company to, among others –

(i) indemnify its officers (including directors) against liability to any third party arising out of any act or omission of that officer in his or her capacity as an officer[31], subject certain liabilities which may not be indemnified[32];

(ii) indemnify its officers for costs incurred by such officer in defending or settling any claim or legal proceedings relating to the officer's liability to a third party arising from the officer's actions in his or her capacity as such director[33], subject to certain exceptions[34]; and

(iii) with the approval from the board of directors, provide insurance coverage to its officer against any civil liability arising out of any act or omission in his or her capacity as an officer, and for any costs incurred by the officer in defending or settling any claim or proceeding relating to such liability[35].

The indemnity and insurance coverage above do not extend to liability of director to a third party (whether civil or criminal liability) arising from a breach of any of the duties of director specified in the CA 2016[36].

(b) Under the LR, granting an indemnity or providing insurance coverage by a listed issuer to its directors is, technically a RPT. This is in view of the broad definition which defines RPT to mean a transaction entered into by a listed issuer or its subsidiaries which involves the interest of a related party. The purpose is to ensure that the RPT requirements under the LR apply to transactions that present a risk of potential abuse especially since it involves a related party who can exert influence over the listed issuer's actions.

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[31] Section 289(4)(a) of the Companies Act 2016.

[32] Section 289(4)(b)(i) of the Companies Act 2016. Under the said section, a company is not permitted to indemnify its officers director against liability to pay a fine imposed in any criminal proceedings, or to pay a penalty to a regulatory authority for non-compliance with any requirements of a regulatory nature.

[33] Section 289(4)(b) of the Companies Act 2016.

[34] Section 289(4)(b)(ii) of the Companies Act 2016 which stipulates that the company is not permitted to indemnify an officer for costs incurred by the officer in defending or settling a claim or proceedings relating to the defence of a criminal proceedings brought against him or her in which the officer is convicted, or to the defence of a civil proceedings brought against him or her by the company, or by an associated company, in which judgment is given against the officer.

[35] Section 289(5) of the Companies Act 2016.

[36] The duties of director are specified in section 213 of the Companies Act 2016. This means that a company is not permitted to indemnify or provide insurance coverage to a director against liability to a third party which arises from the director's failure to exercise the powers of directors for a proper purpose of the company and in good faith in the best interest of a company, and failure to exercise reasonable care skill diligence.

(c) However, an indemnity or insurance coverage provided by a listed issuer to its directors is permitted under the CA 2016 above so it poses little risk to the listed issuer or its shareholders ("**permitted indemnity or insurance coverage for directors**").

(d) In view of the above, we propose to exempt a permitted indemnity or insurance coverage for directors from the RPT requirements.

(e) This is benchmarked with the requirements in Hong Kong ("**HK**"), Singapore and United Kingdom ("**UK**") which specifically state in their respective Listing Rules that the equivalent RPT rules do not apply to insurance coverage and indemnities for directors, if the provision of such insurance coverage and indemnities is in accordance with the relevant corporations law[37].

11.3 **Clarifying the obligations of a listed issuer to comply with the relevant material transaction requirements in respect of a RPT undertaken by a subsidiary that triggers the percentage ratio of 25% or more, which does not involve the interest of any related party of the listed issuer or the listed issuer's holding company**

(a) Currently, where a RPT is undertaken by a subsidiary which only involves the interest of a related party of the subsidiary or the subsidiary's holding company (other than the listed issuer or the listed issuer's holding company) ("**subsidiary RPT**") and the percentage ratio of such subsidiary RPT is 5% or more, a listed issuer is exempted from complying with the following requirements under the RPT framework provided that the subsidiary RPT is approved by the listed issuer's board of directors[38]:

(i) issuing a circular to shareholders;

(ii) obtaining shareholder approval of the transaction; and

(iii) appointing a main adviser and independent adviser, as the case may be.

(b) Such exemptions are permitted for a subsidiary RPT as the related party involved is considered unlikely to have much influence over the transaction especially since the transaction is subject to the oversight by the listed issuer's board which is independent from the related party. The potential for abuse in such instances is limited.

(c) However, there is some ambiguity as to whether a subsidiary RPT triggering a percentage ratio of 25% or more is also exempted from shareholders' approval in respect of other non-RPT requirements under the LR.

[37] For HK, see Rules 14A.91 and 14A.96 of the Main Board Listing Rules; for Singapore, see Rule 915(9) of the Listing Manual; and for UK, see Listing Rule 11.1.6 read together with paragraph 5 in Listing Rule 11 Annex 1 of the Listing Rules.

[38] Paragraph/Rule 10.08(9) of the LR. The listed issuer is entitled to the exemptions provided that its board of directors approves the subsidiary RPT before the terms of transaction are agreed upon, and ensures that the subsidiary RPT is fair and reasonable to the listed issuer and is in the best interests of the listed issuer.

(d) Under the LR, where a transaction that does not involve the interest of a related party i.e. a non-RPT triggers the percentage ratio of 25% or more, a listed issuer is required to issue a circular and obtain shareholder approval for such transaction. In this regard, the Exchange would, for all intent and purpose, require compliance with the requirements governing a material non-RPT under paragraph/Rule 10.07 of the LR for such subsidiary RPT. Given the materiality of the subsidiary RPT (i.e. triggering percentage ratio of 25% or more), it should be treated akin to other material non-RPTs and be subject to similar requirements.

(e) Likewise, a listed issuer must comply with the relevant provisions governing a very substantial transaction[39], a transaction resulting in a significant change in business direction or policy of the listed issuer[40], or a Major Disposal[41] as prescribed in Parts F and F(a) of Chapter 10 of the LR, as the case may be, if the subsidiary RPT triggers the relevant percentage ratio or requirements of such transactions.

(f) The proposal above will provide clarity to the market as well as ensure that material and significant transactions are subject to the scrutiny and approval of shareholders.

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[39] Paragraph/Rule 10.02(n) of the LR defines a very substantial transaction to mean a disposal or acquisition of an asset where any of the percentage ratios is 100% or more, except an acquisition which will result in a significant change in the business direction or policy of a listed corporation.

[40] Paragraph/Rule 1.01 defines significant change in the business direction or policy of a listed corporation to mean –

(a) an acquisition of assets such that any one of the percentage ratios is equal to or exceeds 100%, except where the assets to be acquired are in a business similar to the core business of the listed corporation;

(b) an acquisition of assets which results in a change in the controlling shareholder of the listed corporation;

(c) an acquisition of assets which results in a change in the board of directors of the listed corporation;

(d) an acquisition of assets by a corporation classified as a Cash Company by the Exchange to regularise its condition;

(e) a restructuring exercise involving the transfer of the listed corporation's listing status and the introduction of new assets to the other corporation; or

(f) a qualifying acquisition by a SPAC.

[41] Paragraph/Rule 10.02(eA) of the LR defines a Major Disposal to mean means a disposal of all or substantially all of a listed issuer's assets which may result in the listed issuer being no longer suitable for continued listing on the Exchange.

11.4 **Requiring disclosure of email address of the registered office and office where the register of securities is kept and disclosure of facsimile number only if available, in annual report**

(a) Currently, a listed issuer is required to disclose in its annual report, the address, telephone and facsimile numbers of its registered office and the office where the register of securities is kept[42].

(b) We have received feedback from some listed issuers which highlighted that with advancements and developments in the electronic communication space, a facsimile machine may be outdated and may not be as accessible to shareholders for purposes of communicating with the listed issuers.

(c) In view of the above, we propose to only require disclosure of the facsimile number of a listed issuer's registered office and office where the register of securities is kept, if it is available.

(d) Additionally, to provide greater ease and accessibility to shareholders, we propose to require a listed issuer to disclose the email address of its registered office and office where the register of securities is kept[43].

(e) Consequently, we have also reflected similar amendments in the requirement to immediately announce any changes to the details of the registered office or office where the register of securities is kept. A listed issuer will be required to announce changes in the email address as well[44].

11.5 **Making other amendments to provide greater clarity and formalise existing practices**

We also propose to make other rule amendments to mainly clarify application of the rules or formalise existing practices as set out below:

(a) clarifying that an issue of securities by a listed issuer's subsidiary which will result in a reduction of the listed issuer's equity interest in such subsidiary is a disposal of asset[45];

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[42] Paragraphs 1 and 2 in Part A, of Appendix 9C of the LR; paragraphs 1(a) and 1(b) in Part B, paragraphs 3(a), 3(b) and 4(d)(i) in Part C, paragraphs 3(a), 3(b), 4 and 6(d)(i) in Part E, and paragraphs 3(a), 3(b), 4 and 5(d)(i) in Part F, of Appendix 9C of the Main LR.

[43] Paragraphs 1 and 2 in Part A, of Appendix 9C of the LR; paragraphs 1(a) and 1(b) in Part B, paragraphs 3(a), 3(b) and 4(d)(i) in Part C, paragraphs 3(a), 3(b), 4 and 6(d)(i) in Part E, and paragraphs 3(a), 3(b), 4 and 5(d)(i) in Part F, of Appendix 9C of the Main LR.

[44] Paragraph/Rule 9.19(9) of the LR.

[45] Definition of acquisition or disposal of asset in paragraph/Rule 10.02(a) of the LR.

(b) clarifying that in computing the percentage ratio of any transaction entered into by a subsidiary, the consideration for the transaction is the entire amount of consideration paid or received, and not the listed issuer's proportionate interest in such consideration[46]; and

(c) making other drafting amendments to simplify some of the requirements[47].

Proposal 2: Issue(s) for consultation

6. Do you agree that the proposal to disapply the requirements for specific shareholder approval and abstention from voting, to an issue of securities made to a person connected with a major shareholder if the prescribed conditions in paragraph 11.1(e) of the Consultation Paper are met, is appropriate?

   Please state the reasons for your views.

7. Apart from the proposal in paragraph 11.1(e) of the Consultation Paper, are there any other circumstances in relation to a new issue of securities which may warrant exemptions from specific shareholder approval or abstention from voting?

   Please state the reasons for your suggestions

8. Do you agree with the proposal in paragraph 11.2(d) of the Consultation Paper that exempts a permitted indemnity or insurance coverage for directors of a listed issuer from the RPT requirements?

   Please state the reasons for your views.

9. Do you agree with the proposal in paragraphs 11.3(d) and (e) of the Consultation Paper that requires a listed issuer to comply with the requirements governing a material non-RPT, a very substantial transaction, a transaction resulting in a significant change in business direction or policy of a listed issuer, or a Major Disposal as prescribed in paragraph/Rule 10.07, Parts F and F(A) of Chapter 10 of the LR respectively, for a subsidiary RPT which triggers a percentage ratio of 25% or more?

   Please state the reasons for your views.

[46] Paragraph/Rule 10.03(4A) of the LR.

[47] Paragraph/Rule 10.08(11)(g) of the LR.

10. Do you agree with the proposal in paragraph 11.4 of the Consultation Paper that requires disclosure of -

    (a) the email address of a listed issuer's registered office and office where the register of securities is kept; and

    (b) the facsimile number of such offices, only if it is available.

    Please state the reasons for your views.

11. Do you have any other suggestions on any of the proposals discussed in the Consultation Paper? Please state the reasons for your views.

[End of Section D]

E. FEEDBACK SOUGHT

The Exchange invites and welcomes comments from the public on the Proposed Amendments as discussed above. Comments can be given by filling up the template as attached in the ***Attachment***.

ANNEXURE A PROPOSED MAIN LR AMENDMENTS

[Please see Annexure A enclosed with this Consultation Paper]

ANNEXURE B PROPOSED ACE LR AMENDMENTS

[Please see Annexure B enclosed with this Consultation Paper]

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.

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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]
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