



## “APPENDIX 1”

### SUMMARY OF THE AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (“MAIN LR”) IN VARIOUS AREAS

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#### **RELATED PARTY TRANSACTION (“RPT”) REQUIREMENTS (Please refer to Appendix 2 for the full text of the amendments)**

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- (1) Exempting additional small or immaterial transactions from the RPT requirements and non-RPT acquisition and disposal requirements by increasing the monetary limit from RM250,000 to **RM500,000** [paragraphs 10.08(1)(a); 10.08(10); 10.06(3) and 10.07(3)].
- (2) Clarifying that the main adviser must **advise the listed issuer** whether the RPT is carried out on fair and reasonable terms and conditions, and not to the detriment of the minority shareholders of the listed issuer (instead of ensuring that the RPT is carried out on fair and reasonable terms and conditions [paragraph 10.08(4)].
- (3) Removing the requirement for the appointment of a main adviser for a Recurrent Related Party Transaction (“RRPT”) where specific shareholder approval is sought [paragraph 10.08(4)].
- (4) Exempting more transactions which pose insignificant risks to listed issuers from complying with the RPT requirements and refining the existing exemptions as follows:
  - (a) increasing the shareholding threshold of a common director in the counterparty from less than 1% to **less than 5%** [paragraph 10.08(11)(c)];
  - (b) increasing the shareholding threshold of a related party in the target company from less than 5% to **less than 10%** [paragraph 10.08(11)(d)];
  - (c) increasing the shareholding threshold of a related party in the counterparty from less than 5% to **less than 10%** [paragraph 10.08(11)(l)];
  - (d) expanding the Exempted Transactions referred to under paragraph 10.08(11)(g) relating to provision of goods or services based on non-negotiable fixed price or rate which is published or publicly quoted, to the **provision or usage of broadcasting services** [paragraph 10.08(11)(g)];
  - (e) in relation to a contract awarded by way of public tender, requiring a listed awardee or its subsidiaries to provide **an explanation of the basis for selecting the winning bid** in the immediate announcement, in addition to the existing disclosure on the terms of the awarded contract and value of at least the 3 closest bid [paragraph 10.08(11)(j)];

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- (f) exempting the following additional transactions from the RPT requirements *[paragraph 10.08(11)(a)]*:
- (i) the **grant of options and the issue of securities arising from the exercise of options, under a Share Issuance Scheme** implemented by the listed issuer or any of its subsidiaries (subject to compliance with Chapter 6 of the Main LR); and
  - (ii) **subscription of securities on a pro rata basis.**
- (5) Extending the RPT requirements to closed-end funds by clarifying that the definition of a “related party” of a closed-end fund includes the following persons *[paragraphs 1.01; 10.02(c) and (f)]*:
- (a) a Manager or person connected with the Manager; or
  - (b) a director, chief executive, major shareholder of the Manager, or person connected with such director, chief executive or major shareholder.
- (6) Simplifying the RPT and RRPT requirements relating to the obligation of an interested related party to abstain from voting and ensuring that persons connected with it abstain from voting, on a resolution in respect of the transaction *[paragraphs 10.08(7); 10.09(2)(d) and 10.09(2)(dA)]*.

**REGULARISATION PLANS FOR FINANCIALLY DISTRESSED LISTED ISSUERS AND FRAMEWORK FOR LISTED ISSUERS WITH INADEQUATE LEVEL OF OPERATIONS**  
(Please refer to Appendix 3 for the full text of the amendments)

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- (7) Improving the quality of regularization plans of financially distressed listed issuer classified under Practice Note 17 (“**PN17 Issuer**”) through the following enhanced regularisation criteria *[paragraphs 3.0; 5.4 and 5.5 of Practice Note 17]*:
- (a) requiring the PN17 Issuer and its Principal Adviser to demonstrate to the satisfaction of the Exchange the following:
    - (i) the regularisation plan is able to **strengthen the financial position** of the PN17 Issuer;
    - (ii) the **steps** taken or proposed to be taken **are comprehensive and capable of addressing the issues** which caused the PN17 Issuer to trigger any of the Prescribed Criteria<sup>1</sup>;
    - (iii) the **core business activities post-implementation** of the regularisation plan **must be viable, sustainable and have growth prospects**; and
    - (iv) the ability of the PN17 Issuer to generate net profits in its 2 consecutive quarterly results immediately after the completion of its regularisation plan;

<sup>1</sup> **Prescribed Criteria** refers to the criteria in relation to the financial condition of the listed issuer as set out in paragraph 2.0 of Practice Note 17.

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- (b) requiring the PN17 Issuer and its Principal Adviser to **review** the PN17 Issuer's **risk management and internal control system** and **submit to the Exchange the results together with its action plans** to address the weaknesses identified *[paragraph 5.6 of Practice Note 17]*;
  - (c) prescribing the minimum contents of the circular for regularisation plan undertaken by a PN17 Issuer *[Annexure PN17-A]*; and
  - (d) stipulating the documents required for the submission of regularisation plans by the PN17 Issuer *[paragraph 5.7 of Practice Note 17]*.
- (8) Introducing a separate framework for listed issuers with inadequate level of operations (instead of classifying them as or co-mingling them with the other PN17 Issuers) as follows *[paragraph 8.03A]*:
- (a) requiring the listed issuer to **comply with similar disclosure requirements and regularise its conditions as in the case of a PN17 Issuer**; and
  - (b) allowing the listed issuer to **dispense with undertaking a regularization plan pursuant to Practice Note 17** if it is able to **demonstrate to the Exchange's satisfaction** that its **remaining business is viable, sustainable and has growth prospects** with appropriate justifications, it remains suitable for continued listing, and it makes specific immediate announcements.

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**FOREIGN LISTING REQUIREMENTS (Please refer to Appendix 4 for the full text of the amendments)**

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- (9) Requiring a foreign corporation, foreign closed-end fund or foreign business trust whose operations are entirely or predominantly foreign-based to have **at least 2 independent resident directors** *[paragraph 4A.04]*.
- (10) Requiring the **audit committee** of a foreign corporation or foreign collective investment scheme ("Foreign Issuer") to have **at least 1 independent resident** director upon admission and on a continuing basis *[paragraphs 4A.04A and 4A.08]*.
- (11) Requiring a Foreign Issuer to appoint an **internationally affiliated accounting firm** as its external auditors *[paragraph 4A.09(a)]*.
- (12) Defining "**auditor**" to mean a registered auditor or a recognised auditor under section 31O of the Securities Commission Act 1993 *[paragraph 1.01]*.
- (13) Stipulating that a Foreign Issuer must obtain prior shareholder approval in a general meeting to appoint or remove its external auditor *[paragraph 4A.09A]*.
- (14) Requiring a Foreign Issuer to immediately announce any change in the laws of its country of incorporation or the laws in the country of incorporation of its foreign principal subsidiary which may affect the rights of its shareholders. Consequentially, moving the definition of "principal subsidiary" in paragraph 8.21(2)(a) to paragraph 1.01, and refining the said definition for greater clarity *[paragraphs 4A.18A; 8.21(2)(a) and 1.01]*.

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- (15) Clarifying that a Foreign Issuer and its subsidiaries **must have a system of internal control similar to that required of a public company** under the Malaysian Companies Act 1965 *[paragraph 4A.18B]*.
- (16) Clarifying that a listed issuer must **make available for inspection the agreements** entered into by the listed issuer or its subsidiaries in connection with any acquisition or disposal of assets, or any transaction outside the ordinary course of business, at **its registered office in Malaysia** *[paragraph 8.31]*.

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### DISCLOSURE OBLIGATIONS (Please refer to Appendix 5 for the full text of the amendments)

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- (17) Requiring immediate announcement of the **appointment** of, or **change in a legal representative** of the listed issuer or its foreign principal subsidiary *[paragraph 9.19(14B) and Part B(B) of Appendix 9A]*.
- (18) Moving the requirements set out in Practice Note 1 relating to default in payment, to a new paragraph 9.19A containing the simplified events of default in respect of any credit facility or debt securities, which, if triggered will require the listed issuer to make an immediate announcement to the Exchange, irrespective of whether a demand has been made *[paragraph 9.19A; Part H(A) of Appendix 9A; paragraphs 9.03; 9.04(I); 9.16; Practice Note 1; and paragraphs 2.1(f) and 2.1A(e) of Practice Note 17]*.

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### OTHER AMENDMENTS (Please refer to Appendix 6 for the full text of the amendments)

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- (19) Allowing listing of structured warrants where the underlying corporation or exchange-traded fund is **seeking listing** (either on the Exchange, or on a securities exchange which is a member of the World Federation of Exchanges, or is approved by the Exchange) subject to certain conditions *[paragraphs 5.03(1A) and 5.04(2)]*.
- (20) Requiring an issuer of structured warrants to announce the number and percentage of structured warrants outstanding not held by the issuer or its Market Maker, on a **monthly** (instead of quarterly) basis *[paragraph 5.35(5)]*.
- (21) **Removing the requirement for approval of the listed issuer's shareholders** for a Share Issuance Scheme undertaken by a subsidiary, and requiring **immediate announcement of the principal terms and financial effect (including the dilutive effect)** of any employee share scheme implemented by the subsidiary as an additional safeguard *[paragraphs 6.44 and 9.19(52)]*.
- (22) Reinstating the requirement that a listed issuer seeking a listing of its **convertible securities must have at least 100 holders holding not less than 1 board lot of the convertible securities each** *[paragraph 6.51]*.
- (23) Clarifying the documents that must be filed with the listing application for bonus issues *[paragraph 1(dA) in Part B of Annexure PN28-B]*.

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- (24) Allowing a listed issuer to provide the relevant confirmations for an application of quotation of new issue of securities arising from an exercise or conversion of convertible securities, or an exercise of options under a Share Issuance Scheme *[paragraph 2 in Part C of Annexure PN28-B]*.
- (25) Allowing a Cash Company which does not intend to maintain its listing status to distribute the monies placed in the custodian account to its shareholders on a pro rata basis, early *[paragraph 8.03(9)]*.
- (26) Liberalising the requirements in relation to a provision of financial assistance as follows *[paragraph 8.23]*:
- (a) clarifying that a subsidiary listed on a stock exchange outside Malaysia is not subjected to the requirements under paragraph 8.23 on provision of financial assistance, but instead will be subjected to its home exchange rules on the subject matter;
  - (b) allowing provision of financial assistance to joint arrangements; and
  - (c) clarifying that shareholder approval is not required for financial assistance given to associated companies or joint arrangements if the financial assistance –
    - (i) is necessary to facilitate the ordinary course of business of the listed issuer or its subsidiaries; or
    - (ii) pursuant to the ordinary course of business of the listed issuer or its subsidiaries.
- (27) Clarifying that in addition to a DBT, “**on the market**” also **excludes** a share buy-back executed via an **On-Market Married Transaction** *[paragraph 12.02]*.
- (28) Requiring a **valuation** to be conducted on all material real estate of a listed issuer which intends to undertake a Major Disposal, if its total assets comprise substantial real estate *[paragraphs 10.11A(1)(bA) and 10.11A(5)]*.
- (29) Stipulating that, in the case of a take-over offer where the listed issuer has made an announcement that the offeror does not intend to maintain the listed issuer’s listing status, the Exchange shall only suspend trading of the listed issuer’s securities **upon expiry of 5 market days from the close of the offer period** (instead of from the date of the announcement by the listed issuer) *[paragraph 16.02(3) and Part J of Appendix 9A]*.
- (30) **Removing** the requirement to suspend the securities of a listed issuer upon the expiry of 5 market days from the date of immediate announcement by the listed issuer that the offeror does not intend to maintain the listed issuer’s listing status **pursuant to a corporate proposal** in paragraph 16.02(3), as a similar requirement is already provided under paragraph 16.02(1)(a) where the Exchange may suspend the trading of listed securities in the event of any substantial corporate exercise or capital restructuring of a listed issuer *[paragraphs 16.02(1)(a) and 16.02(3)]*.

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(31) Other ancillary enhancements as follows:

No.	Paragraph	Amendments
(a)	Paragraph 1.01	Clarifying that a partnership in the definition of “ <b>partner</b> ” also includes a <b><u>limited liability partnership as defined in the Limited Liability Partnerships Act 2012</u></b> (in addition to a partnership as defined in the Partnership Act 1961).
(b)	Paragraph 2.28A	Clarifying that any amendment to the Main LR will not affect any action proposed to be taken, or is in the process of being taken, or has been taken by the Exchange, in relation to the provision which is effective prior to the amendments.
(c)	Paragraph 5.02	Updating the definition of “underlying financial instruments” by making reference to “the shares <b><u>in a corporation</u></b> ” or “ <b><u>units</u></b> ” of an exchange-traded fund.
(d)	Paragraph 6.56	Clarifying that a listed issuer must submit an additional listing application for any issue of convertible securities arising from adjustments due to an issue of securities or a subdivision or consolidation of shares.
(e)	Paragraph 8.26(1)	<ul style="list-style-type: none"> <li data-bbox="786 1308 1398 1464">• Clarifying that once dividend has been declared <b><u>or proposed to the securities holders</u></b>, the listed issuer must not make any subsequent alteration to the dividend entitlement.</li> <li data-bbox="786 1509 1398 1666">• Extending the requirement in the Main LR on declaration of dividend to a real estate investment trust and business trust by including references to dividend or <b><u>distribution</u></b>.</li> </ul>
(f)	Paragraph 2 in Appendix 8A.	Cross referring the existing requirement for a listed issuer to include the specific information in relation to a mandate obtained under paragraph 6.03(3) for a new issue of securities, in its statement accompanying notice of annual general meeting.

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No.	Paragraph	Amendments
(g)	Paragraphs 8.23(4)(b); 9.20(2)(b); 10.08(11)(e); 10.08(11)(m)(dd)(C); 10.08(11)(p); and paragraph 2.2 of Practice Note 11	Clarifying in the Main LR, where appropriate, that the reference to Bank Negara Malaysia, refers to the <b><u>equivalent foreign regulatory authority as the Exchange deems appropriate</u></b> .
(h)	Paragraph 9.20(2)(d)	Clarifying that the purchases or sales in an existing subsidiary or associated company refer to purchases or sales of <b><u>quoted securities</u></b> .
(i)	Paragraph 9.33(1)(b)	Clarifying that where a corporate proposal is also subject to the approval from other relevant authorities, a listed issuer must issue the circular or document within 14 market days after receipt <b><u>of the Exchange's approval or the relevant authorities' approval, whichever is the later</u></b> .
(j)	Paragraphs 10.02(g)(ii) and 10.03(2)	Clarifying that in determining the net profits of the assets which are the subject matter of the transaction in the percentage ratio for the net profits test, the net profits refer to the <b><u>profits after tax attributable to owners of a corporation (before other comprehensive income or loss) represented by the equity interest being acquired or disposed</u></b> .
(k)	Paragraph 10.03(1)(b)(ii) and paragraph 8(a) in Part H of Appendix 10B	Replacing "accounts" with <b><u>financial statements</u></b>
(l)	Paragraph 10.08(11)(p)	Replacing "or on behalf of" with <b><u>or guaranteed by</u></b> .
		Replacing "unlisted subsidiary" with <b><u>subsidiary not listed on any stock exchange</u></b> .

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No.	Paragraph	Amendments
(m)	Paragraph 3 in Part G of Appendix 10B	Clarifying that an accountant's report is not required for a very substantial transaction involving the acquisition of an unlisted corporation, if the percentage ratio for the very substantial transaction is triggered solely as a result of aggregating the separate transactions of the unlisted corporations and treating them as 1 transaction but where individually, each transaction is less than 100%.
(n)	Paragraph 15.05(2)	In relation to a foreign listed issuer, clarifying that any person appointed as its director has not been convicted by a court of law of an offence under the <b><u>equivalent securities and corporation legislation of the foreign listed issuer's place of incorporation.</u></b>
(o)	Paragraph 15.17(f)	Replacing "internal auditors" with " <b><u>persons carrying out the internal audit function or activity, or both</u></b> ".
(p)	Paragraph 16.07	<p>Clarifying that a listed issuer may apply for delisting under the following modes of privatisation:</p> <p>(a) in relation to a take-over offer under the Malaysian Code on Take-Overs and Mergers 2010, other than those effected by way of a scheme of arrangement, compromise, amalgamation or selective capital reduction, upon 90% or more of its listed shares (excluding treasury shares) or listed units being held by a shareholder or unit holder, either individually or jointly with associates of the said shareholder or unit holder; or</p> <p>(b) in relation to a corporate proposal undertaken by or in relation to the listed issuer, upon 100% of the listed shares or listed units of the listed issuer being held by a shareholder or unit holder either individually or jointly with the associates of the said shareholder or unit holder,</p> <p>and the listed issuer has announced the offeror's intention not to maintain the listed issuer's listing status.</p>



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No.	Paragraph	Amendments
	Paragraph 9.19(48)	Clarifying the immediate announcement requirement in a take-over offer by <b><u>deleting</u></b> the words “for the acquisition of the listed shares of a listed corporation”.
(q)	Paragraph 16.11(1)(e)	Clarifying that the Exchange’s de-listing power under <i>paragraph 16.11(1)(e) of the Main LR</i> extends to the de-listing of any <b><u>listed securities</u></b> like structured warrants etc.
(r)	Paragraphs 1.1, 2.2, 3.1 and 3.2 of Practice Note 11 and paragraphs 3.4(a) and (c) of Practice Note 12	Replacing “unlisted subsidiary” with <b><u>“subsidiary not listed on any stock exchange”</u></b>
(s)	Practice Note 23	Making editorial amendments to the requirements for undertakings or confirmations submitted to the Exchange in relation to a listing of a real estate investment trust and exchange traded fund.
(t)	Paragraph 7 in Part A of Annexure PN27-B	Replacing the reference to “SC’s Structured Warrants Guidelines” with <b><u>“SC’s Issuer Eligibility Guidelines - Structured Warrants”</u></b> .
(u)	Paragraph 12 in Part A of Annexure PN28-B	Clarifying that a controlling shareholder of a listed issuer which is a <b><u>statutory institution managing funds belonging to the general public</u></b> , 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 a listing application for new issue of securities.
(v)	Paragraph 19 in Part A of Annexure PN28-B	Specifying that the prescribed undertakings required in the listing application for new issue of securities are only required for corporate proposals which apply the procedures set out under <b><u>paragraphs 4.1 and 4.2</u></b> (instead of stating generally paragraph 4.0) of Practice Note 28.

[End]