

Chapter 4B Listing ~~under an Exempt Regime~~ of Sukuk and Debt Securities  
[Questions & Answers]

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QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MAIN MARKET  
(As at ~~17 June 2009~~ 26 September 2012)

CHAPTER 4B - LISTING ~~UNDER AN EXEMPT REGIME~~ of Sukuk and Debt Securities

EXCHANGE TRADED BONDS (“ETB”)

4B.1 What is the main difference between a listing of sukuk or debt securities on Bursa Securities as ETB and under the Exempt Regime?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**4B.7 With reference to Question 4B.8 above, what if the ETB is convertible or exchangeable into listed shares?**

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

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

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

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

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

**EXEMPT REGIME**

**4B.14B.10** Can a non-listed issuer list its sukuk or debt securities on Bursa Securities under an Exempt Regime?

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

**4B.24B.11** What is meant by listing of sukuk or debt securities under an “Exempt Regime”?

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

**4B.34B.12** Must an issuer obtain the SC’s approval before it submits its listing application to Bursa Securities?

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

**4B.44B.13** What is the currency in which the sukuk or debt securities may be listed under an Exempt Regime?

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

**4B.54B.14** Under an Exempt Regime, where would the trading take place?

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

**APPENDIX 2**

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~~4B.6~~ **Is the content of an Information Memorandum/Offering Circular prescribed by Bursa Securities?**

~~No, it is the responsibility of the issuer to ensure that the Information Memorandum/Offering Circular contains clear and adequate information for its targeted investors in connection with the listing of the sukuk or debt securities.~~

~~4B.74B.15~~ **Is it mandatory for an issuer to issue and announce its half-yearly financial statement to Bursa Securities?**

No, paragraph 4B.107 of the Main LR does not mandate an issuer to prepare or issue a half-yearly financial statement. However, an issuer which has prepared or issued a half yearly financial statement, must announce the same to Bursa Securities within 2 months after the close of the half year of the issuer's financial year.

~~4B.84B.16~~ **When is an issuer required to make the announcement under paragraph 510.0 of Practice Note 26?**

An issuer must announce the information set out in paragraph 510.0 of Practice Note 26 to Bursa Securities -

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