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**CHAPTER 5 STRUCTURED WARRANTS****PART A - GENERAL****5.01 Introduction**

This Chapter sets out the requirements that must be complied with by an issuer seeking a listing of its structured warrants on the Official List and the continuing listing obligations of such issuer.

**PART B - DEFINITIONS****5.02 Definitions**

For the purpose of this Chapter, unless the context otherwise requires -

American style	in respect of the right of a person under structured warrants, means the ability to exercise that right any time before or on expiry date.
Approved Securities	has the meaning given in Rule 704.1 of the Rules of the Exchange.
bull equity-linked structure	means a contract under which a person has an actual, contingent or prospective right to receive on settlement date - <ol style="list-style-type: none"> <li>(a) a predetermined <del>amount in the form of</del> cash <u>amount</u> where the closing price of the underlying shares on expiry date is at or above the <del>strike</del> <u>exercise</u> price; or</li> <li>(b) a specified number of the underlying shares or <del>an amount in the form of a</del> cash <u>amount</u> calculated by reference to the value of the underlying shares where the closing price of the underlying shares on expiry date is below the <del>strike</del> <u>exercise</u> price.</li> </ol>
<u>call price</u>	<u>means the pre-specified price or level of the underlying instrument at which an issuer must call the callable bull/bear certificate before its expiry date.</u>
<u>callable bull/bear certificate</u>	<u>means a contract –</u> <ol style="list-style-type: none"> <li>(a) <u>which upon the occurrence of a mandatory call event, will be called by the issuer and terminated before its expiry date; and</u></li> <li>(b) <u>under which a person has an actual, contingent or prospective right to receive a cash amount, depending on the fluctuations in the value or price of an underlying financial instrument, and the amount will be calculated in accordance with the contract.</u></li> </ol>
call warrant	means a contract under which a person has an actual, contingent or prospective right to - <ol style="list-style-type: none"> <li>(a) buy a specified number or units of underlying shares or exchange-traded fund at a specified price on or by a specified future date; or</li> </ol>

	(b) receive <del>an amount in the form of a</del> cash <u>amount</u> or other property, depending on the <del>state of affairs that relate to</del> fluctuations in the value or price of an underlying financial instrument, and the amount will be calculated <del>in a particular manner by reference to that state of affairs</del> in accordance with the contract.
Clearing House	means Bursa Malaysia Securities Clearing Sdn Bhd and any other clearing house as may be designated by the Exchange from time to time in accordance with Rule 801.2 of the Rules of the Exchange.
closing price	in relation to a bull equity-linked structure, means the closing price <u>or level</u> of the underlying <del>shares financial instruments</del> on the market day immediately before the expiry date.
<u>Corporate Proposal</u>	<u>means –</u>  (a) <u>a corporate exercise undertaken by the underlying corporation or the issuer of the underlying financial instrument, such as capitalisation issues, rights issue, consolidation or subdivision of shares or capital reduction exercises; or</u>  (b) <u>any event which has a dilutive or concentrative or other effect on the theoretical value of the underlying financial instruments.</u>
date of issue	means the date that a structured warrant issue is offered.
eligible brokers	means individually or collectively investment banks, universal brokers, special scheme brokers and eligible non-universal brokers.
eligible non-universal broker	means a non-universal broker which has merged with or acquired, as the case may be, the assets or any interests and business of at least one other member company(ies) and/or Participating Organisation(s).
European style	in respect of the right of a person under structured warrants, means the ability to exercise that right on expiry date.
exercise price <del>or strike price</del>	in relation to a particular structured warrant, means the pre-specified price <u>or level of the underlying financial instrument</u> at which the holder of such warrants may exercise the right under such structured warrants.
expiry date	in respect of the right of a person under a structured warrant, means the date in which the ability to exercise that right expires.
fully-collateralised call warrants	means call warrants which fulfil the following:  (a) the underlying financial instrument is shares listed on the Exchange;  (b) the issue of the call warrants is accompanied by a deposit of all shares which is the subject of such warrants; and  (c) a custodian or trustee is appointed for the entire term of the warrants in issue.

in-the-money	<p><del>in respect of call warrants</del>, refers to a market situation where the price of the underlying financial instrument is –</p> <p>(a) <u>in relation to call warrants or callable bull certificates</u>, higher than the exercise price <del>or strike price</del>; <u>or</u></p> <p>(b) <u>in relation to put warrants or callable bear certificates</u>, lower than the exercise price.</p>
investment bank	means an investment bank as referred to under the Guidelines on Investment Banks and which is registered as a Participating Organisation in accordance with the Rules of the Exchange, unless the context otherwise permits.
issuer	means an issuer of structured warrants which are listed or proposed to be listed on the Official List.
licensed institution	has the same meaning given in the Banking and Financial Institutions Act 1989.
<u>mandatory call event or MCE</u>	<u>in relation to a callable bull/bear certificate, means the first occurrence at any time before the certificate's expiry date where the transacted price of the underlying financial instrument is at or below (in respect of a callable bull certificate) or at or above (in respect of a callable bear certificate) the call price and upon which the callable bull/bear certificate will be called by the issuer.</u>
<u>Main Trading Phase</u>	<u>means a trading phase as described in Rule 701.5A of the Rules of the Exchange.</u>
Market Maker	means a person who performs market making and is registered as a market maker under the Rules of the Exchange.
market making	means the act of entering bid and offer prices in the Automated Trading System of the Exchange.
non-collateralised structured warrants	means structured warrants where the underlying financial instrument is not held in deposit by a custodian or trustee <del>as approved by the SC</del> for the entire term of the warrants in issue.
performance guarantee	in relation to an issuer, means an unconditional and irrevocable guarantee to perform any or all of the issuer's obligations in the terms and conditions of the structured warrants issue in the event the issuer fails to perform such obligations.
prospectus	has the same meaning given in the CMSA and for the purpose of this Chapter, includes "base prospectus" and "term sheet".
put warrant	<p>means a contract under which a person has an actual, contingent or prospective right to –</p> <p>(a) sell a specified number or units of underlying shares or exchange-traded fund at a specified price on or by a specified future date; or</p> <p>(b) receive <del>an amount in the form of a</del> cash <u>amount</u>, depending on the <del>state of affairs that relate to</del> fluctuations in the value</p>

or price of an underlying financial instrument, and the amount will be calculated ~~in a particular manner by reference to that state of affairs~~ in accordance with the contract.

settlement date	in relation to a bull equity-linked structure, means the date upon which the payment or delivery of underlying shares, as the case may be, is made to the holder of such issue.
shares	means shares of a corporation listed on the Exchange or a securities exchange outside Malaysia.
special scheme broker	means a foreign stockbroking company established under the Application for Establishment of Foreign Stockbroking Companies Under the Special Scheme.
structured warrants	means individually or collectively as the context may require, call warrants, put warrants, basket warrants, bull equity-linked structures, <a href="#">callable bull/bear certificates</a> , or such other structures that may be specified by the Exchange from time to time.
underlying corporation	in relation to structured warrants, means the corporation that has issued the shares, which is the subject of such warrants.
underlying financial instrument	in relation to structured warrants, means the shares, exchange-traded fund or index, which is the subject of such warrants.
underlying index	in relation to structured warrants, means the index which is the subject of such warrants.
underlying shares	in relation to structured warrants, means the shares which are the subject of such warrants.
universal broker	means a Participating Organisation which has – <ol style="list-style-type: none"> <li>(a) merged with or acquired, as the case may be, 3 or more other former member company(ies) or Participating Organisations;</li> <li>(b) fulfilled the necessary qualifying criteria from time to time stipulated by the SC, the Exchange or both, to the satisfaction of the SC, the Exchange or both; and</li> <li>(c) been approved in writing by the SC to be a universal broker.</li> </ol>

## PART C – UNDERLYING FINANCIAL INSTRUMENT

### 5.03 Underlying financial instrument listed on the Exchange

- (1) Where the underlying financial instrument of structured warrants is shares or an exchange-traded fund listed on the Exchange, an issuer must ensure that the underlying corporation or exchange-traded fund has an average daily market capitalisation (excluding treasury shares) of at least -
  - (a) RM1 billion in the past 3 months ending on the last market day of the calendar month immediately preceding the date of issue; or

- (b) RM3 billion for newly listed corporations or exchange-traded funds that do not meet the 3 month market capitalisation track record.
- (2) In the case of an issue of structured warrants where the underlying financial instrument is shares, an issuer must ensure that the underlying corporation is in compliance with the Exchange's public shareholding spread requirement.

#### 5.04 Underlying financial instrument listed outside Malaysia

Where the underlying financial instrument of the structured warrants is shares or an exchange-traded fund listed on a securities exchange outside Malaysia, an issuer must ensure that the underlying financial instrument satisfies the following criteria:

- (a) the underlying corporation or exchange-traded fund is listed on a securities exchange which is a member of the World Federation of Exchanges or is approved by the Exchange;
- (b) the underlying corporation or exchange-traded fund must have an average daily market capitalisation equivalent to at least -
- (i) RM3 billion in the past 3 months ending on the last market day of the calendar month immediately preceding the date of issue; or
- (ii) RM5 billion for newly listed corporations or exchange-traded fund that does not meet the 3 month market capitalisation track record;
- (c) the underlying corporation or exchange-traded fund must be in compliance with the listing rules and requirements of its home exchange at the date of issue; and
- (d) information on the price, volume, financial information and price-sensitive information relating to the underlying corporation or exchange-traded fund must be available to investors in Malaysia.

#### 5.05 Index as underlying financial instrument

Where the underlying financial instrument of the structured warrants is an index -

- (1) an issuer must ensure that the index is either based on the Exchange or if it is based on a securities exchange outside Malaysia, it is approved by the Exchange; and
- (2) where the index is based on a securities exchange outside Malaysia, information on its composition and performance must be made available to investors in Malaysia.

#### 5.06 Underlying ~~financial instrument~~ shares for put warrants or callable bear certificates

- ~~(1) Subject to compliance with paragraphs 5.03 above, 5.04 and 5.05 above, an issuer may issue put warrants based on an underlying financial instrument which is -~~
- ~~(a) shares or an exchange-traded fund listed on the Exchange or a securities exchange outside Malaysia; or~~
- ~~(b) an index, which composition and performance is based on the Exchange or a securities exchange outside Malaysia.~~
- ~~(2) When an issuer issues put warrants or callable bear certificates based on underlying shares which are listed on the Exchange, the issuer must ensure that -~~
- ~~(a) the underlying shares of the put warrants or callable bear certificates are part of the Approved Securities; unless and~~

(b) if the underlying shares are not part of the Approved Securities, the issuer must only issue put warrants together with call warrants of the same size and tenure based on the said put warrant is issued together with a call warrant with the same underlying shares.

#### 5.07 Acceptable securities exchange outside Malaysia

Where the underlying financial instrument of the structured warrants is listed on a securities exchange outside Malaysia, in determining whether the securities exchange is acceptable, the Exchange will consider among others, the following:

- (a) the market is regulated in a fair and orderly manner by the government or properly constituted body pursuant to a body of laws, regulations or rules which are broadly based;
- (b) quality of the reporting and timeliness of the disclosure of information on price, volume, financial information and price-sensitive information; and
- (c) the availability of price information to investors in Malaysia.

#### 5.08 Acceptable index

Where the underlying financial instrument of the structured warrants is an index, in determining whether the index is acceptable, the Exchange will consider among others, whether the index –

- (a) is broadly based;
- (b) has transparent components; and
- (c) is a recognised benchmark.

### PART D – ADMISSION

#### 5.09 Admission

- (1) The Exchange will exercise discretion over the admission and continued listing of structured warrants on its Official List and may approve or reject applications for listing, as it deems fit.
- (2) The Exchange may also approve applications for listing unconditionally or subject to such conditions, as it deems fit.
- (3) An issuer applying to admit a structured warrant issue must comply with the relevant listing procedures and requirements as may be prescribed by the Exchange.

*[Cross reference: Practice Note 27]*

- (4) An issuer must submit its listing application to the Exchange for the issue of structured warrants through an eligible broker. However, where the issuers themselves are eligible brokers or licensed institutions approved by Bank Negara Malaysia, they may submit the proposals on their own behalf.

#### 5.10 Approval from other authorities

- (1) An issuer seeking a listing of its structured warrants on the Official List must fulfill the eligibility criteria prescribed by the SC.

- (2) In addition, an issuer must obtain approval(s) from the other relevant authorities (where applicable) before listing and quotation of any structured warrants will be considered by the Exchange.

#### 5.11 Holders of structured warrants

- (1) An issuer must ensure that, upon initial listing, the structured warrants for which listing is sought are in the hands of a minimum -
- (a) 100 warrant holders holding not less than 1 board lot of warrants each; or
  - (b) 50 warrant holders holding not less than 1 board lot each provided that each of these warrant holders subscribe for a minimum of RM100,000 of warrants each.
- (2) The requirements in subparagraph (1) above do not apply to –
- (a) an issuer of bull equity-linked structures; or
  - (b) an issuer who provides liquidity for the structured warrant issue via market making in accordance with paragraph 5.12 below.

#### 5.12 Market making

An issuer intending to provide liquidity via market making must appoint only 1 Market Maker or be the Market Maker if it wishes to undertake the market making activities itself.

### PART E – TERMS AND CONDITIONS

#### 5.13 Maximum issue size

- (1) For structured warrants where settlement is –
- (a) by ~~way of~~ physical delivery; and
  - (b) the underlying financial instrument is shares or an exchange-traded fund listed on the Exchange,

the aggregate outstanding collateralised and non-collateralised structured warrants issued at any one time must not exceed 20% of the share capital of the underlying corporation or the fund size of the exchange-traded fund.

- (2) For the purpose of this paragraph, the aggregate outstanding collateralised and non-collateralised structured warrants issued include those already issued by third-party issuers on the same underlying shares that are still outstanding (unexercised and unexpired).
- (3) When computing the size of a structured warrant issue, an issuer must not include the company warrants issued by the underlying corporation.

#### 5.14 Minimum issue size

~~An issuer must ensure that each~~ Each issue of structured warrants ~~is~~ must be for a total face amount of not less than RM5 million.

#### 5.15 Tenure of issue

~~An issuer must ensure that the~~ The expiry date of the structured warrants ~~—~~

- (a) in relation to call and put warrants, ~~is~~must not ~~be~~ earlier than 6 months and not later than 5 years from the date of issue; ~~and~~
- (b) in relation to bull equity-linked structures, ~~is~~must not ~~be~~ earlier than 28 days and not later than 2 years from the date of issue; ~~and~~
- (c) in relation to callable bull/bear certificates, must not be earlier than 3 months and not later than 5 years from the date of issue, unless a MCE occurs in which case the callable bull/bear certificate will be terminated before its expiry date.

### 5.16 Take-over, liquidation, dissolution and winding-up

The terms and conditions of each issue of structured warrant must specify the rights of the warrant holders in the event of –

- (a) a take-over, merger, liquidation, dissolution or winding-up of the underlying corporation or issuer;
- (b) a scheme of arrangement involving the shareholders of the underlying corporation or issuer;
- (c) winding-up of the underlying exchange-traded fund; or
- (d) any other circumstances having a similar effect on the rights of warrant holders to any of the above events.

### 5.17 Adjustment

~~Where an issuer proposes an adjustment to the terms of the structured warrants arising from–~~

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

~~(collectively referred to as “Corporate Proposals”)~~

~~the issuer may only adjust the exercise price, conversion ratio of its structured warrants, or both.~~

Where an adjustment is necessary pursuant to a Corporate Proposal or otherwise, an issuer may only adjust the exercise price, conversion ratio or call price of its structured warrants.

#### 5.17A Suspension and cancellation of callable bull/bear certificate

- (1) If a MCE occurs, an issuer of callable bull/bear certificate must immediately notify the Exchange of the MCE and suspension in accordance with paragraph 5.41A. The Exchange will then suspend the trading of the callable bull/bear certificate on the Exchange, and the callable bull/bear certificate will terminate with effect from such suspension.
- (2) The Exchange may cancel the callable bull/bear certificate trades that are executed after the MCE –
- (a) if the trading of a callable bull/bear certificate is not suspended immediately after a MCE; or
- (b) for any other reason which the Exchange deems fit.



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**PART F - TRUST DEED/DEED POLL****5.18 Contents of trust deed or deed poll**

- (1) An issuer must ensure that the trust deed or deed poll governing an issue of structured warrants includes the various provisions set out in Appendix 5A.
- (2) An issuer must furnish to the Exchange a letter of compliance pursuant to paragraph 2.12 together with the trust deed or deed poll and a checklist showing compliance with Appendix 5A.
- (3) Notwithstanding anything provided in this Chapter, a trust deed or deed poll must not include any provision for the extension or shortening of tenure of the structured warrants.

**PART G – TRADING****5.19 Minimum issue price**

The minimum issue price for a structured warrants issue must be RM0.15 per warrant.

**5.20 Board lot**

- (1) Trading of structured warrants must be in a board lot comprising 100 units or any other number of securities permitted by the Rules of the Exchange.
- (2) Structured warrants based on an index must be issued in board lots of 100 warrants.

**5.21 Conversion Ratio**

For the purpose of exercising structured warrants where settlement is by ~~way of~~ delivery of the underlying shares or exchange-traded fund units, the conversion ratio must be as follows:

- (a) 1 structured warrant for 1 share or exchange-traded fund unit;
- (b) 10 structured warrants for 1 share or exchange-traded fund unit; or
- (c) such other ratio as the Exchange may approve, provided it will convert to a whole number of a board lot of the underlying shares or exchange-traded fund units.

**5.22 Exercise Style**

- (1) ~~Other than bull equity-linked structures~~ Subject to subparagraph (2) below, the right of the structured warrant holders must be exercisable in American style, European style or such other style as the Exchange may approve.
- (2) ~~For bull equity-linked structures, the right is only exercisable~~ The following structured warrants may only be exercised in European style:-
  - (a) bull equity-linked structures; and
  - (b) callable bull/bear certificates.

**PART H – SETTLEMENT OF STRUCTURED WARRANTS****5.23 Mode of settlement**

- (1) ~~An issuer must settle a~~ structured warrants issue must be settled either -
- (a) by ~~way of~~ delivery of the underlying shares or units of the exchange-traded fund; or
  - (b) in cash.
- (2) The issuer must clearly specify the mode of settlement ~~clearly~~ in the terms and conditions of the structured warrants issue.
- (3) Subject to subparagraph (4) below, upon exercise by warrant holders or at the expiry date of a structured warrant issue, an issuer does not have the option to elect for an alternative mode of settlement.
- (4) Notwithstanding subparagraph (3) above, where –
- (a) the mode of settlement is by ~~way of~~ delivery of underlying shares or units of the exchange-traded fund; and
  - (b) the warrant holders receive odd lots of shares upon exercise of the structured warrants or at expiry date,
- the issuer must settle the said odd lots in cash.

**5.24 Settlement ~~by~~in cash only**

- (1) ~~An issuer must settle a structured~~ An issue of structured warrants ~~must issue~~ be settled in cash ~~if -~~
- (a) if the underlying financial instrument is –
    - ~~(a)~~(i) shares or an exchange-traded fund listed on a securities exchange outside Malaysia; or
    - ~~(b)~~(ii) an index; ~~or~~
  - (b) it is a callable bull/bear certificate.
- (2) An issuer must clearly specify the settlement ~~by way of~~in cash ~~clearly~~ in the terms and conditions of the structured warrants issue.

**5.25 Settlement of bull equity-linked structures**

Subject to paragraph 5.24, in relation to a settlement of bull equity-linked structures, the terms and conditions of the issue must clearly specify that the holders will receive on settlement date –

- (a) a predetermined ~~amount in the form of~~ cash amount if the closing price of the underlying shares on expiry date is at or above the ~~strike~~ exercise price; or
- (b) delivery of underlying shares or ~~an amount in the form of a~~ cash amount if the closing price of the underlying shares is below the ~~strike~~ exercise price on expiry date. In this event, the cash will be calculated by reference to the value of those underlying shares.

**5.25A Settlement of callable bull/bear certificate**

- (1) An issuer must clearly specify in the terms and conditions of the callable bull/bear certificate issue that if a MCE occurs, the callable bull/bear certificate will be settled in the following manner:
- (a) where the call price is equal to the exercise price, the certificate holders will not receive any cash amount; or
  - (b) where the call price is different from the exercise price, the certificate holders will receive a cash amount calculated in accordance with a predetermined formula, if -
    - (i) in relation to a callable bull certificate, the lowest traded price/level of the underlying financial instrument from the MCE up to the end of the next trading session, is above the exercise price; or
    - (ii) in relation to a callable bear certificate, the highest traded price/level of the underlying financial instrument from the MCE up to the end of the next trading session, is below the exercise price.
- (2) For the purpose of sub-paragraph (1)(b) above –
- (a) where the underlying financial instrument is shares or exchange-traded funds listed on the Exchange, the “lowest/highest traded price” refers to the “lowest/highest traded price” during the Main Trading Phase only; and
  - (b) the “next trading session” refers to the 1<sup>st</sup> trading session after the occurrence of the MCE, which contains at least 1 hour of continuous trading for the underlying financial instrument.

**5.26 Calculation of settlement price when settled ~~by way of~~ in cash**

- (1) Subject to paragraph 5.25A, ~~W~~where settlement of a structured warrant issue is ~~in the form of~~ in cash, an issuer must specify in the terms and condition of the structured warrants ~~issue~~, the method of calculation in determining the settlement price, as follows:
- (a) where the underlying financial instrument is shares or an exchange-traded fund, the settlement price will be calculated using one of the following methods:
    - (i) the volume weighted average price; or
    - (ii) the average closing price; or
    - (iii) the closing price of the underlying share or exchange-traded fund on the market day immediately before the exercise or expiry date; and
  - (b) where the underlying financial instrument is an index, the settlement price must be calculated using one of the following methods:
    - (i) the closing level of the underlying index on the market day immediately before the exercise or expiry date; or
    - (ii) the final settlement price settling the corresponding index futures contract on the expiry date; or
    - (iii) the average of the closing levels of the underlying index for the 5 market days prior to and including the market day immediately before the exercise or expiry date.

- (2) For the purpose of subparagraph (1)(a) above, the volume weighted average price or the average closing price of the underlying shares or exchange-traded fund will be computed based on 5 market days immediately before the exercise or expiry date of the structured warrants, subject to any adjustment as may be necessary to reflect any capitalisation, rights issue, distribution or others.

#### 5.27 Calculation of Settlement price for American style structured warrants

- (1) Subject to subparagraph (2), for American style structured warrants, in addition to the methods of calculating the settlement price set out in paragraph 5.26, the following calculation method may be used:
- (a) where the structured warrant is exercised before 12.30 p.m., the settlement price must be calculated using -
- (i) the closing price of the underlying share or exchange-traded fund; or
  - (ii) the closing level of the underlying index,
- where applicable, on the day that the structured warrant is exercised; and
- (b) where the structured warrant is exercised on or after 12.30 p.m., the settlement price must be calculated using -
- (i) the closing price of the underlying share or exchange-traded fund; or
  - (ii) the closing level of the underlying index,
- where applicable, on the next day after the day when the structured warrant is exercised.
- (2) An issuer may only use the additional calculation method set out in subparagraph (1) if -
- (a) it has specified the same in the terms and condition of the structured warrants issue; and
  - (b) the structured warrants are exercised before the expiry date.

#### 5.28 Automatic settlement in cash

Where the settlement of the structured warrants ~~issue~~ is in the form of in cash, an issuer must ensure that the terms and conditions of the structured warrants issue provide for automatic settlement (i.e. where warrant holders are not required to serve a notice of exercise to the issuer) if —

- (a) the call and put structured warrants expire in-the-money; or
- (b) in relation to callable bull/bear certificates which are called for and terminated following a MCE, there is a cash amount payable to the certificate holders.

### PART I – FURTHER ISSUE

#### 5.29 Further Issue

- (1) An issuer may apply to list a further issue of its structured warrants (“**Further Issue**”) which forms part of the existing listed series of the structured warrants (“**Existing Issue**”), subject to the following conditions:
- (a) the Further Issue is for the purpose of facilitating market making;

- (b) the terms and conditions of the Existing Issue either permit the Further Issue or have been properly amended to give the issuer the right to issue and list one or more Further Issues;
  - (c) the terms and conditions of the Further Issue and the Existing Issue must be identical except for the size and tenure of the issue; and
  - (d) the issuer holds not more than 50% of the Existing Issue at the time of application for the Further Issue.
- (2) An issuer may retain up to 100% of the Further Issue at the date of listing of the Further Issue.
- (3) For the avoidance of doubt, the requirements under paragraphs 5.14, 5.15 and 5.19 are not applicable to a Further issue.

### 5.30 Listing application for Further Issue

An issuer must comply with the relevant listing procedures and requirements for the listing of Further Issue as may be prescribed by the Exchange.

[Cross reference: Practice Note 27]

## PART J – ISSUE OF BASKET WARRANTS

### 5.31 Basket warrants

Basket warrants are call or put warrants that are issued on a basket of 2 or more underlying shares.

### 5.32 Issuance of basket warrants

An issuer may issue basket warrants subject to the relevant terms and conditions applicable to the issue of structured warrants set out in this Chapter, with the following additional requirements:

- (a) ~~for~~ fully-collateralised issue of basket call warrants must be settled either, ~~the settlement may either be by way of~~ delivery of the underlying shares or in cash ~~settlement~~; and
- (b) ~~for~~ non-collateralised issue of basket call or put warrants, ~~the settlement~~ must be settled in by way of cash settlement only.

## PART K - CONTINUING LISTING OBLIGATIONS

### 5.33 Obligation to retain a Market Maker

- (1) An issuer who provides liquidity for structured warrants via market making must ensure that the market making obligations, whether performed by itself or by another party, are performed -
  - (a) in accordance with the Rules of the Exchange; and
  - (b) as disclosed in the prospectus in relation to the minimum presence, spread and quantity requirements of the structured warrants.
- (2) For the avoidance of doubt, an issuer which has fulfilled the requirements in paragraph 5.11(1) above may also provide liquidity for its structured warrants via market making. In

such instance, the issuer must also ensure that the Market Maker and market making activities comply with subparagraph (1) above.

#### 5.34 Submission of financial statements

- (1) Subject to subparagraph (2) below, an issuer must announce its unaudited/audited financial statements covering the profit and loss position and the balance sheet position on a consolidated basis within 3 months after the close of the half year of the issuer's financial year ("**Due Date**"), or such period as may be approved by the Exchange. The issuer must ensure that the financial statement states whether there is any abnormal circumstance that has affected or will affect the business and financial position of the issuer.
- (2) This obligation does not apply to an issuer of bull equity-linked structures with an expiry date which takes place before the Due Date.
- (3) An issuer must immediately announce to the Exchange full details of any financial information which the issuer discloses to the public.

#### 5.35 Submission of periodic information

- (1) Subject to subparagraph (2) below, an issuer must announce the following information to the Exchange, within the timeframes stipulated in subparagraph (2) below.
  - (a) the number of structured warrants exercised during the relevant timeframe;
  - (b) the cumulative number of structured warrants exercised to date; and
  - (c) the number of structured warrants outstanding.
- (2) The timeframes referred to in subparagraph (1) above are -

	Structured warrants having an expiry date of –	Timeframes for announcement
(a)	28 days	On a weekly basis, on the first market day of the week.
(b)	More than 28 days but 6 months or less	On a fortnightly basis, on the first market day of the week.
(c)	More than 6 months	On a monthly basis, within the first 5 market days of the month.

- (3) Subparagraph (1) above does not apply to structured warrants exercisable in an European style.
- (4) If an issuer provides liquidity via a market making, the issuer must announce the following information within the first 5 market days of every month:
  - (a) stock short name;
  - (b) stock code;
  - (c) number of structured warrants bought and the volume weighted average price of structured warrants bought in the preceding month;

- (d) number of structured warrants sold and the volume weighted average price of structured warrants sold in the preceding month;
  - (e) number of outstanding structured warrants in the market and the percentage of the same; and
  - (f) total issue size.
- (5) An issuer must also announce the number of structured warrants not held by the issuer or its Market Maker and the percentage of the same, on a quarterly basis.

### 5.36 Notice of expiry

- (1) An issuer of structured warrants must prepare and announce a notice of expiry stating the expiry date of the structured warrants and treatment of the structured warrants which are not exercised, within the following timeframes, as may be applicable:
- (a) where the structured warrants have an expiry date of 28 days but not more than 6 months - 2 weeks before the expiry date; or
  - (b) in respect of structured warrants other than those referred to in subparagraph (a) above - not less than 1 month before the expiry date.
- (2) In addition to subparagraph (1) above, an issuer of structured warrants without an automatic exercise feature must also despatch the above notice of expiry to its structured warrant holders.

### 5.37 Director's undertaking

An issuer of listed structured warrants must ensure that every director of the issuer gives the Exchange immediately after his appointment, and in any event not later than 14 days after the appointment, an undertaking in a form as may be prescribed by the Exchange.

*[Cross reference: Annexure PN27-D of Practice Note 27]*

### 5.38 Allotment of securities, despatch of notices of allotment for exercise and cash payment

~~Within 7 market days of the date a notice of exercise is received by the issuer together with the requisite payment (if any), or the expiry date, as the case may be, or such other period as may be prescribed by the Exchange –~~

- ~~(a) — where settlement of the structured warrants is by way of delivery of the underlying shares, an issuer must –~~
  - ~~(i) — cause the securities to be credited into the securities accounts of the structured warrants holders; and~~
  - ~~(ii) — despatch notices of allotment to the structured warrants holders; and~~
- ~~(b) — where settlement of the structured warrants is by way of cash payment, an issuer must make the payment to the structured warrants holders.~~

(1) Within 7 market days from the relevant date, an issuer must –

- (a) where settlement of the structured warrants is by delivery of the underlying financial instruments –

- 
- (i) cause the securities to be credited into the securities accounts of the structured warrants holders; and
    - (ii) despatch notices of allotment to the structured warrant holders; or
  - (b) where settlement of the structured warrants is in cash, make payment to the structured warrant holders.
- (2) For the purpose of this paragraph, “relevant date” means, as may be applicable –
- (a) the date a notice of exercise is received by the issuer together with the requisite payment (if any);
  - (b) the expiry date of the structured warrants;
  - (c) in the case of a callable bull/bear certificate, the date of de-listing or the expiry date of the certificate, whichever is the earlier; or
  - (d) such other date as may be prescribed by the Exchange.

#### 5.39 Full exercise before expiry

Where a structured warrant has been fully exercised before expiry, an issuer ~~is required to~~ must immediately notify the Exchange of the full exercise.

#### 5.40 Issuers incorporated in a jurisdiction outside Malaysia

- (1) In relation to an issuer incorporated in a jurisdiction outside Malaysia which is eligible and approved by the SC to issue structured warrants, such an issuer must comply with the following provisions:
- (a) paragraph 4A.03
  - (b) paragraph 4A.09;
  - (c) paragraph 4A.10;
  - (d) paragraph 4A.15;
  - (e) paragraph 4A.16; and
  - (f) paragraph 9.34.
- (2) For the purpose of this paragraph, all references to a foreign corporation with primary listing on the Main Market in subparagraphs (1)(a) to (e) above and all references to listed issuer in paragraph 9.34 mean an issuer incorporated in a jurisdiction outside Malaysia.

#### 5.41 Request for suspension, resumption of trading or withdrawal of listing

Where the underlying corporation or the underlying financial instrument is listed on a securities exchange outside Malaysia, the issuer must immediately request for a suspension, resumption in trading or withdrawal of listing, as the case may be if –

- (a) the underlying corporation or issuer of the underlying financial instrument announces that it has requested a suspension, resumption in trading or withdrawal of listing on the securities exchange; or



- (b) the suspension, resumption in trading or withdrawal is imposed or effected by the relevant securities exchange.

#### **5.41A Suspension of callable bull/bear certificate**

(1) If a MCE occurs, an issuer of a callable bull/bear certificate must immediately –

- (a) notify the Exchange to suspend the trading of the certificates; and  
(b) announce the MCE and suspension to the Exchange.

(2) The issuer must include the following information in its announcement referred to in subparagraph (1)(b) above:

- (a) the time when the MCE occurred;  
(b) the time when the trading of the callable bull/bear certificate is called by the issuer and suspended by the Exchange and the effect of the same; and  
(c) the date when the callable bull/bear certificate will be de-listed by the Exchange.

#### **5.42 Other continuing obligations**

Apart from Chapters 1, 2 and 16, the other Chapters of these Requirements are not applicable to an issuer of structured warrants.

### **PART L - ANNOUNCEMENTS**

#### **5.43 Announcement relating to adjustment to structured warrants**

- (1) Where an issuer proposes an adjustment to the terms of the structured warrants arising from a Corporate Proposal, ~~a Corporate Proposal defined in paragraph 5.17 above~~, the issuer must, not later than 3 market days from the date of announcement of the Corporate Proposal by the underlying corporation or the issuer of the underlying financial instrument, announce to the Exchange the following information:
- (a) the salient terms and conditions of the Corporate Proposals which will result in the adjustment; and
- (b) the adjustments that will be made to the structured warrants due to the Corporate Proposals.
- (2) ~~Any adjustment to the structured warrants pursuant to subparagraph (1) above may only be made in accordance with paragraph 5.17 above.~~ [Deleted]
- (3) An issuer must, not later than 3 market days from the date of announcement of the books closing date by the underlying corporation or the issuer of the underlying financial instrument, announce to the Exchange the following information:
- (a) the books closing date for the adjustments;
- (b) the details of the adjustments; and
- (c) in respect of a foreign underlying corporation or underlying financial instrument, the ex-entitlement date, which must be consistent with the foreign underlying corporation's or underlying financial instrument's ex-entitlement date.

- (4) Where an issuer adjusts the terms of the structured warrants or distributions to the holders of the structured warrants pursuant to events other than the Corporate Proposals, the issuer must immediately announce the following information:
- (a) the occurrence of the events, details and reasons of such adjustments or distributions; and
  - (b) the books closing date for the adjustments, and in respect of a foreign underlying corporation or underlying financial instrument, the ex-entitlement date (which must be consistent with the foreign underlying corporation's or underlying financial instrument's ex-entitlement date).
- (5) In respect of the adjustments made pursuant to subparagraph (4) above, an issuer must ensure that the period from it announcing the books closing date to the books closing date is not less than 10 market days.
- (6) An issuer must announce the adjusted exercise price, conversion ratio, ~~or both~~ or the call price (in the case of a callable bull/bear certificate), and other salient terms of the structured warrants as soon as practicable and in any event not later than the last market day before the ex-entitlement date of the underlying financial instrument or the structured warrants, as the case may be.

#### 5.44 Announcement relating to market making

An issuer that provides liquidity via market making must immediately announce to the Exchange if –

- (a) the Market Maker of its structured warrants -
  - (i) does not carry out market making activities pursuant to the circumstances disclosed in the prospectus;
  - (ii) does not carry out market making activities pursuant to the exceptional circumstances described in the Rules of the Exchange; or
  - (iii) resumes market making activities after the occurrence of the events in subparagraphs (a)(i) or (ii) above; and
- (b) there is any change in the Market Maker arising from resignation or termination of the Market Maker.

#### 5.44A Announcement when the settlement is in cash

Where a structured warrant is to be settled in cash, an issuer must announce the settlement amount payable to the holders –

- (a) at the end of the expiry date of the structured warrants; or
- (b) in relation to a callable bull/bear certificate where a MCE has occurred, within 1 market day from the end of the next trading session after the MCE. For this purpose, the "next trading session" has the same meaning given to it under paragraph 5.25A(2)(b).

#### 5.45 Announcement relating to dealing in structured warrants

- (1) For the purpose of this paragraph -
- (a) "**dealing**" means one or more of the following actions, undertaken by the issuer, its director or principal officer as a principal:

- 
- (i) acquiring or disposing of structured warrants or any interest in structured warrants;
  - (ii) subscribing for or underwriting structured warrants;
  - (iii) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into –
    - (aa) any agreement for or with a view to acquiring or disposing of structured warrants or any interest in structured warrants;
    - (bb) any agreement for or with a view to subscribing for or underwriting structured warrants; or
    - (cc) any agreement the purpose or avowed purpose of which is to secure a profit to any of the parties from the yield of structured warrants or by reference to fluctuations in the values of structured warrants; and
  - (iv) granting, accepting, acquiring, disposing of, exercising or discharging an option (whether for the call or put or both) or any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of structured warrants or any interest in structured warrants;
- (b) **“interest in structured warrants”** has the same meaning as assigned to “interest in securities” under section 4 of the CMSA; and
- (c) **“principal officer”** in relation to an issuer, includes the chief executive who is not a director, the chief financial officer or any other employee who has access or is privy to price-sensitive information concerning the structured warrants.
- (2) An issuer must announce to the Exchange any dealing in the issuer's structured warrants by the following persons:
- (a) the issuer;
  - (b) the issuer's director; or
  - (c) the issuer's principal officer.
- (3) An issuer must announce the dealings referred to in subparagraph (2) above which takes place -
- (a) between the launching and listing date of that structured warrants, on the listing date of the structured warrants; and
  - (b) after the listing date, within the timeframe stipulated in paragraph 5.35(2).
- (4) An issuer must include the following information in the announcement referred to in subparagraph (2) above:
- (a) the name and position of the person involved in the dealing;
  - (b) the date on which the dealing occurred;
  - (c) the consideration for the dealing; and
  - (d) the number of structured warrants involved in the dealing, both in absolute terms and as a percentage of the structured warrants.

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**PART M – IMPLEMENTATION OF PROPOSALS****5.46 Implementation deadline**

- (1) An issuer must complete the implementation of a proposal relating to an issuance of structured warrants within 6 months from the date the listing application is approved by the Exchange.
- (2) If the issuer fails to complete the implementation of a proposal within the prescribed periods above, the Exchange's approvals given in regard to the proposal will lapse.
- (3) For a multiple issue of structured warrants, the issuer must ensure that the structured warrants are issued before the expiry date of the base prospectus.

[ End of Chapter ]

Appendix 5A  
Contents of trust deed/deed poll for structured warrants

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**APPENDIX 5A****Contents of trust deed/deed poll in respect of structured warrants**  
(paragraph 5.18)

- (1) Within 7 market days ~~from the relevant date of the date a notice of exercise is received by the issuer together with the requisite payment (if any), or the expiry date, as the case may be, or such other period as may be prescribed by the Exchange –~~
- (a) where settlement of the structured warrants is by ~~way of~~ delivery of the underlying shares, an issuer ~~shall~~ must -
- (i) cause the securities to be credited into the securities accounts of the structured warrants holders; and
- (ii) despatch notices of allotment to the structured warrants holders; and
- (b) where settlement of the structured warrants is ~~by way of~~ in cash ~~payment~~, an issuer shall make the payment to the structured warrants holders.
- The “relevant date” means, as may be applicable –
- (a) the date a notice of exercise is received by the issuer together with the requisite payment (if any);
- (b) the expiry date of the structured warrants;
- (c) in the case of a callable bull/bear certificate, the date of de-listing or the expiry date of the certificate, whichever is the earlier; or
- (d) such other date as may be prescribed by the Exchange.
- (2) If a books closing date has been declared by the underlying corporation and trading of the underlying shares is on a “cum-entitlement” basis, the underlying shares to be delivered by the issuer to the warrant holder upon the exercise of the structured warrants shall also be on a “cum-entitlement basis”.
- (3) Any suspension in the trading of the underlying shares will not preclude the warrant holder from exercising his rights.

[ End of Appendix ]