
APPENDIX 2

QUESTIONS AND ANSWERS

BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

(as at 23 February 2021)

PART A - QUESTIONS & ANSWERS ARISING FROM THE PUBLIC SPREAD AMENDMENTS

CHAPTER 8 - CONTINUING LISTING OBLIGATIONS

Lower security holding spread8.4A Do “security holding” and “securities” under the public security holding requirements in paragraphs 3.06 and 8.02 of the Main LR include securities other than shares or units?

In the context of public security holding requirements under paragraphs 3.06 and 8.02 of the Main LR, securities refer only to shares (excluding treasury shares) in a corporation and units in a collective investment scheme such as the real estate investment trust or business trust.

8.4B Pursuant to paragraph 2.2 of Practice Note 19, the Exchange may accept a public security holding percentage of lower than the 25% threshold as prescribed in paragraph 3.06(1) and paragraph 8.02(1) of the Main LR if the quantitative market capitalisation criteria¹ under paragraph 2.2(a) of Practice Note 19 and qualitative criteria² under paragraph 2.2(b) of Practice Note 19 are met. In this regard, how would the Exchange assess whether the qualitative criteria have been met?

In assessing or determining that the qualitative criteria have been met, the Exchange may consider or take into account (among others) the following:

¹ A listed issuer must meet the quantitative market capitalisation of RM1 billion or more but less than RM3 billion for minimum acceptable lower spread of 20% or market capitalisation of RM3 billion or more for minimum acceptable lower public spread of 15%.

² In respect of the qualitative criteria, the Exchange may accept lower public spread for an applicant or listed issuer if the Exchange is satisfied that:

- (a) there is, or will be, sufficient liquid market in the securities of the applicant or listed issuer;
- (b) there is, or will be, orderly and fair trading in the securities of the applicant or listed issuer;
- (c) the applicant or listed issuer and its directors have satisfactory corporate governance conduct and compliance record with the Listing Requirements and securities laws; and
- (d) there is reasonable justification necessitating the Lower Public Spread for the applicant or listed issuer.

<u>Qualitative criteria</u>	<u>Consideration</u>
<u>Sufficient liquid market</u>	<ul style="list-style-type: none"> • <u>The concentration of security holdings in the applicant or listed issuer</u> • <u>Number of securities in issue in the applicant or listed issuer</u> • <u>The spread between the bid and ask price and trading volume of the securities of the listed issuer</u>
<u>Orderly and fair trading</u>	<ul style="list-style-type: none"> • <u>Any queries issued to the listed issuer relating unusual market activities</u> • <u>Any circumstances indicating manipulative activities or any issuance of market alerts in respect of the securities of the applicant or listed issuer</u>
<u>Satisfactory corporate governance conduct and compliance record</u>	<ul style="list-style-type: none"> • <u>If there is any enforcement proceeding or action commenced or taken against the applicant or listed issuer or its directors by the relevant authorities, including the Exchange and the Securities Commission</u>
<u>Reasonable justification necessitating the lower public spread</u>	<ul style="list-style-type: none"> • <u>All relevant facts and circumstances that warrant a lower public spread such as actual non-compliance of required public spread</u> • <u>Where the circumstance is that of actual non-compliance of required public spread, whether the non-compliance is beyond the reasonable control of the listed issuer, its controlling shareholders or its directors</u>

8.4C Pursuant to paragraph 2A.1 of Practice Note 19, a listed issuer that has been granted with lower public spread is required to immediately notify the Exchange when it becomes aware of any of the Specified Decreases³. What are the examples of instances when a listed issuer would be deemed to become aware of any of the Specified Decreases?

A listed issuer would be deemed to become aware of the Specified Decrease (if any) -

- when it requests for a copy of the Record of Depositors from Bursa Malaysia Depository Sdn Bhd;
- during the preparation of its semi-annual returns or annual reports; or
- when it undertakes a corporate exercise or corporate proposal;

³ Under paragraph 2A.1 of Practice Note 19, a listed issuer approved with a lower public spread must immediately notify the Exchange when it becomes aware of any of the following:

- any decrease in its issued share capital;
- any decrease in the percentage of the public spread below the percentage approved by the Exchange; and
- any decrease of the said listed issuer's average market capitalisation for the preceding 12 months to below the prescribed threshold as set out in paragraph 2.2(a) above.

(collectively "the Specified Decreases").

as the listed issuers would have sufficient information in the said circumstances to be able to reasonably discover whether there is any Specified Decrease.

Notwithstanding the above, a listed issuer must also immediately notify the Exchange if it becomes aware of any Specified Decrease in any circumstances other than those stated above.

PART B - CONSEQUENTIAL UPDATES TO QUESTIONS & ANSWERS IN OTHER AREAS

CHAPTER 1 - DEFINITIONS AND INTERPRETATION

1.34 Definition of “public”

- (i) A collective investment scheme or statutory institution that is managing funds belonging to contributors or investors who are members of the public, subject to fulfilling certain conditions as set out in the Main LR, would be deemed as “public” where its interest, direct or indirect, in a listed issuer is more than 5% but less than 15% of the total number of shares of such listed issuer. Would an associate of such collective investment scheme or statutory institution also be deemed as “public”?

No, the associate of such a collective investment scheme or statutory institution would not be deemed as “public” under paragraph (a)(iii) of the definition “public” in paragraph 1.01 of the Main LR. Accordingly, the associate’s shareholdings should be excluded from comprising the public sharesecurity holding spread.

CHAPTER 3 - ADMISSION

Criteria for admission

- 3.2 Are shares held by employees of an applicant, its subsidiaries and holding company included for purposes of computing the public sharesecurity holding spread of an applicant?

Yes, the shares held by employees of an applicant, its subsidiaries and holding company can be included for purposes of computing the public sharesecurity holding spread provided that such employees fall within the definition of “public” in paragraph 1.01 of the Main LR.

CHAPTER 8 - CONTINUING LISTING OBLIGATIONS

ShareSecurity holding spread

- 8.1 Pursuant to paragraph 8.02(1) of the Main LR, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) or listed units are in the hands of ~~the~~ public sharesecurity holders. Do these public sharesecurity holders need to hold at least 1 board lot, i.e. 100 shares each?

No, there is no minimum number of shares that need to be held by these public sharesecurity holders.

8.2 On 5 August 2009, *D Bhd*'s public sharesecurity holding spread is 18% of its total listed shares (excluding treasury shares).

(a) What are *D Bhd*'s key obligations under the Main LR in relation to this non-compliance?

D Bhd must take immediate steps to comply with the public sharesecurity holding spread requirement.

Pursuant to paragraph 8.02(3) of the Main LR, *D Bhd* must immediately announce to Bursa Securities that it does not comply with the required sharesecurity holding spread prescribed under paragraph 8.02(1). *D Bhd* must include the information set out in paragraph 3.2 of Practice Note 19 in its announcement. After that, *D Bhd* must announce the status of its efforts to comply with the public sharesecurity holding spread requirement for each quarter of its financial year in accordance with paragraphs 3.3 and 3.4 of Practice Note 19.

If *D Bhd* requires an extension of time to rectify its situation, it must request for an extension under paragraph 8.02(4) of the Main LR. However, even though an extension of time is granted, *D Bhd* must comply with the public sharesecurity holding spread requirement as soon as possible.

(b) On 30 August 2009, *D Bhd*'s public sharesecurity holding spread is 9% of its total listed shares (excluding treasury shares). What is *D Bhd*'s additional obligation in regard to its public sharesecurity holding spread of 9%?

In addition to the disclosure obligations under Question (a) above, *D Bhd* must immediately announce to Bursa Securities the information set out in paragraph 5.4 of Practice Note 19.

(c) When will the trading of securities of *D Bhd* be suspended after its announcement in Question (b) above?

Pursuant to paragraph 16.06(2)(a) of the Main LR, Bursa Securities shall suspend trading of securities of *D Bhd* upon expiry of 30 market days from the date of *D Bhd*'s announcement. However, if the public sharesecurity holding spread of *D Bhd* increases to above 10% before the expected date of suspension, *D Bhd* should immediately inform Bursa Securities of its improvement in its public spread and seek its confirmation on whether the suspension will still be imposed.

In addition, where appropriate, Bursa Securities may also take such enforcement action as it deems fit against *D Bhd* pursuant to paragraph 16.19 of the Main LR.

8.3 On 5 August 2009, pursuant to a take-over offer, *Company P* holds 76% of the listed shares (excluding treasury shares) of *Y Bhd*, a listed issuer. If *Company P*'s intention is to maintain *Y Bhd*'s listing status, what are *Y Bhd*'s key obligations in regard to its non-compliance with the public sharesecurity holding spread requirement prescribed under paragraph 8.02(1) of the Main LR?

Y Bhd must take immediate steps to comply with the public sharesecurity holding spread requirement.

Pursuant to paragraph 8.02(3) of the Main LR, *Y Bhd* must announce that it does not comply with the required sharesecurity holding spread prescribed in paragraph 8.02(1) of the Main LR. *Y Bhd* must include the information set out in paragraph 3.2 of Practice Note 19 in its announcement.

Y Bhd must announce the status of its efforts to comply with the public sharesecurity holding spread requirement for each quarter of its financial year in accordance with paragraphs 3.3 and 3.4 of Practice Note 19.

If *Y Bhd* requires an extension of time to rectify its situation, it must request for an extension under paragraph 8.02(4) of the Main LR. However, even though an extension of time is granted, *Y Bhd* must comply with the public sharesecurity holding spread requirement as soon as possible.

Continuing obligation of a REIT and business trust

8.55A Must REITs and business trusts comply with the unitsecurity holding-spread requirement under paragraph 8.02?

Yes, both REITs and business trusts must comply with the unitsecurity holding-spread requirement under paragraph 8.02 of the Main LR.

[End of Appendix 2]