

APPENDIX 2

QUESTIONS AND ANSWERS

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS
RELATING TO ENHANCED ADVISER FRAMEWORK, SUBMISSION OF CORPORATE PROPOSALS AND
OTHER AMENDMENTSCHAPTER 1 - DEFINITIONS AND INTERPRETATION

1.2 Definition of “independent director”

(i) - (iv) [No change].

(v) What are the examples of “adviser” used in paragraph (f) of the said definition?

“Adviser” is as defined in paragraph 1.01 of the Main LR and includes, amongst others, Qualified Persons and Senior Officers of the Recognised Principal Adviser, advocates and solicitors, licensed investment banks, universal brokers, tax consultants, accounting firms, auditing firms etc offering professional advisory services to the listed issuer or its related corporation.

(vi) [No change].

(vii) *Mr X* is a director (and not a major shareholder) of *A Bhd*, a listed issuer. He is proposed to be appointed as an independent director of *B Bhd*, another listed issuer. *A Bhd* and *B Bhd* are engaged in transactions, the consideration of which exceeds the said Threshold. Would paragraph 5.1 of Practice Note 13 preclude *Mr X* from being appointed as an independent director of *B Bhd*?

Mr X would not be disqualified from being an independent director of *B Bhd* pursuant to paragraph (g) of the said definition and paragraph 5.2(b) of Practice Note 13 if *Mr X* is not involved in the transactions entered into between *A Bhd* and *B Bhd*, i.e. *Mr X* is not the initiator, promoter/specified shareholder, agent or is not a party to such transactions, and provided that such transactions are on normal commercial terms.

(viii) - (xiii) [No change].

[End of Chapter 1]

CHAPTER 2 - GENERAL***Undertaking by advisers*****2.6 Are advisers required to file undertakings with Bursa Securities?**

Under paragraph 2.21 of the Main LR, only advisers who present, submit or disclose an application, circular or any information or other document to Bursa Securities on behalf of an applicant or a listed issuer, must file undertakings with Bursa Securities.

2.7 Must an adviser who is subject to paragraph 2.21(1) of the Main LR file an undertaking each time it acts for a listed issuer?

No, an adviser who is subject to paragraph 2.21(1) has to file only 1 undertaking. Such undertaking will be applicable for all clients. The form of the undertaking has been prescribed in Appendix 2A of the Main LR.

2.8 When must an adviser who is subject to paragraph 2.21(1) of the Main LR file an undertaking with Bursa Securities?

An adviser who is subject to paragraph 2.21(1) must file an undertaking with Bursa Securities before the submission of documents to Bursa Securities. ~~All advisers who may act as principal adviser under the SC's Principal Advisers Guidelines may file the undertaking immediately if they have not already done so.~~

[End of Chapter 2]

CHAPTER 6 - NEW ISSUES OF SECURITIES**Admission****6.2 Is a listed issuer allowed to submit its listing application for a new issue of securities to Bursa Securities on its own?**

Yes, but only in certain specified instances under paragraph 6.02(4) of the Main LR. Pursuant to the said requirement, a listing application in relation to a Specified Bonus Issue¹ of equity securities or an issue of new units by an exchange-traded fund, may be submitted by the listed issuer on its own or the management company of the exchange-traded fund, as the case may be, without a Recognised Principal Adviser. Apart from this, listing applications for all the other new issue of securities must be submitted through a Recognised Principal Adviser.

Requirements relating to a Share Issuance Scheme**6.36 With paragraph 6.41(d) of the Main LR, who can confirm adjustments (other than on a bonus issue, subdivision or consolidation of shares) under a Share Issuance Scheme?**

Pursuant to paragraph 6.41(d) of the Main LR, either the listed issuer's external auditor or Recognised Principal Adviser may confirm adjustments (other than on a bonus issue, subdivision or consolidation of shares) under a Share Issuance Scheme. However, this is subject to the provisions contained in the listed issuer's bylaws of the Share Issuance Scheme.

Others**6.45 With the removal of prescription on how due diligence is to be conducted for additional listing applications for new issue of securities to Bursa Securities under the Main LR, are the applicant/listed corporation, Recognised Principal Advisers and all other parties accepting responsibility for all or any part of the information and documents submitted to the Exchange ("the relevant parties") no longer required to undertake a due diligence exercise?**

No. Whilst the Main LR no longer prescribes how a due diligence should be conducted nor what is the applicable standards for such exercise, the relevant parties must still ensure that due diligence and enquiry is done so that any submission to Bursa Securities, as well as disclosures to the market meet the prescribed standards of disclosure under the Main

¹ A "Specified Bonus Issue" is a bonus issue of securities which -

- (i) is not conditional upon any other corporate proposal, or
- (ii) is conditional upon another corporate proposal but -
 - (aa) that other corporate proposal is a subdivision or consolidation or shares; or
 - (bb) that other corporate proposal has been completed or become unconditional.

LR². The relevant parties may undertake the necessary due diligence exercise in accordance with industry practices, to ensure this obligation is met. For this purpose, the Sponsor/Adviser may refer to the Malaysia Equity Capital Markets and Debt Capital Markets Due Diligence Guides³ issued by the Malaysian Investment Banking Association.

Additionally, the relevant parties must also make due and careful enquiries and comply with the equivalent obligations and standards imposed under the SC's Guidelines on Submission of Corporate and Capital Market Product Proposals, in respect of submission of additional listing applications for new issue of securities to Bursa Securities under the Main LR to Bursa Securities, as if the submission is made to the SC.

[End of Chapter 6]

² Paragraph 2.18 of the Main LR stipulates that any application, proposal, statement, information or document presented, submitted or disclosed pursuant to the ACE LR must be clear, unambiguous and accurate; does not contain any material omission; and is not false or misleading.

Similar standards are also imposed on any prospectus prepared, submitted or issued pursuant to the Main LR under announcements and circulars issued to securities holders under paragraph 9.35A of the Main LR.

³ These Guides are available at <https://www.miba.com.my/info-nuggets/resources/>.

CHAPTER 8 - CONTINUING LISTING OBLIGATIONS*Compliance with enhanced regularisation plan requirements*

8.24A *Y Bhd* is a PN17 Issuer which intends to undertake a regularisation plan which will not result in a significant change in its business direction or policy. In the regularisation plan submitted to Bursa Securities, *Y Bhd* has included information relating to its financial forecast. What are the specific requirements under the Main LR that *Y Bhd* must comply with in relation to the disclosure of financial forecast in the regularisation plan?

Y Bhd and its Recognised Principal Adviser must ensure that the preparation and disclosure of the financial forecast in the regularisation plan complies with Chapters 9 and 10 in Division 1, Part II of the SC's Prospectus Guidelines in relation to future financial information ("SC FFI Standards") as required under paragraph 2.19A of the Main LR. *Y Bhd* must also ensure that its reporting accountant reviews and reports on the underlying accounting policies and assumptions relied on in the preparation of the financial forecast in accordance with the SC FFI Standards.

In addition to the above, *Y Bhd* must, amongst others, ensure that -

- the contents of the regularisation plan submitted to Bursa Securities comply with the requirements as set out in paragraph 2.18 of the Main LR; and
- the draft circular submitted to Bursa Securities together with the regularisation plan complies with the standard of disclosure for circulars as prescribed under paragraph 9.35A of the Main LR.

[End of Chapter 8]

CHAPTER 10 - TRANSACTIONS***Recurrent related party transaction of a revenue or trading nature and necessary for its day to day operations (“RRPT”)*****10.47 Must a listed issuer appoint a main adviser for a RRPT, where such transaction triggers the percentage ratio of 25% or more and specific shareholders’ approval (instead of a general mandate) is sought for the RRPT?**

Under paragraph 10.08(4) of the Main LR, the listed issuer is no longer required to appoint a main adviser for such RRPT. This however, does not restrict the listed issuer from appointing a Recognised Principal Adviser for the RRPT if it wishes to do so.

Notwithstanding the above, the listed issuer must still appoint an independent adviser for the RRPT where specific shareholder approval is sought.

Major Disposal**10.56A listed issuer undertaking a Major Disposal must appoint an independent adviser and such independent adviser must be a person appropriate to give competent independent advice under the Take-Overs and Mergers Code as prescribed under Rules 10.11A of the Main LR. How does a listed corporation comply with this requirement?**

In assessing whether or not the adviser is a person appropriate to give competent independent advice, the listed issuer and its board should be guided by paragraphs 3.09 and 3.10 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions⁴.

⁴ Paragraphs 3.09 and 3.10 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions stipulate that -

- (a) a person would not be regarded as appropriate to give competent advice if the person -
- is in the same group as the financial or professional adviser (including a stockbroker) to the offeror or the offeree; or
 - has a substantial interest in or financial connection with, either the offeror or the offeree company of such a kind as to create a conflict of interests for that person; and
- (b) circumstances that can be taken into account in considering whether a person is appropriate to give competent independent advice include whether the person -
- holds 10 per cent or more of the voting shares or voting rights in the offeror or the offeree at any time during the last 12 months from the beginning of the offer period;
 - has a business relationship with the offeror or the offeree, at any time during the last 12 months from the beginning of the offer period that contributes to more than 10 per cent in revenue or profit of the adviser, based on the latest audited financial statements or the latest management accounts, if the latest audited financial statements is more than six months;
 - has a representative on the board of directors of the offeror or the offeree;
 - has a representative from either the offeror or the offeree on the board of directors of the independent adviser;
 - is or will be involved in the financing of the take-over offer;

Bursa Securities will not usually interfere with the selection and appointment of an independent adviser by a listed corporation, unless it is aware or becomes aware of issues which may compromise the independence of such adviser. In this regard, pursuant to paragraph 10.11A(4) of the Main LR, Bursa Securities may not to allow an adviser to continue to act or be appointed as an independent adviser in a Major Disposal if, in its opinion, the adviser is deemed not to be independent.

- 10.57** If a Major Disposal also involves a take-over offer pursuant to the Take-Overs and Mergers Code, can the independent adviser required to be appointed under the Take-Overs and Mergers Code and under the Main LR for the Major Disposal be the same party?

Yes, the independent adviser appointed can be the same party. The said independent adviser must be a person who is appropriate to give competent independent advice under the Take-Overs and Mergers Code and comply with the relevant requirements under both the Take-Overs and Mergers Code as well as the Main LR.

- 10.58** Where the Major Disposal involves a related party, can the independent adviser required to be appointed for the related party transaction and the Major Disposal be the same party?

Yes, the independent adviser appointed can be the same party. The said independent adviser must be a person who is appropriate to give competent independent advice under the Take-Overs and Mergers Code and comply with the relevant requirements under paragraphs 10.08 (Related Party Transaction) and 10.11A (Major Disposal) of the Main LR.

[End of Chapter 10]

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- is a substantial creditor of either the offeror or the offeree, based on the latest audited financial statements or the latest management accounts, if the latest audited financial statements is more than six months;
 - has a financial interest in the outcome of the take-over offer other than outlined above;
 - was an adviser in any planning, restructuring, acquisition or disposal proposals of the offeror or the offeree at any time during the period of 12 months prior to the beginning of the offer period.

CHAPTER 13 - ARRANGEMENTS AND RECONSTRUCTIONS*Subdivision of shares***13.1A Is a listed issuer allowed to submit its application for subdivision of shares to Bursa Securities on its own?**

Similar to a bonus issue under Chapter 6, a listed issuer may submit its application for a Specified Subdivision⁵ on its own under paragraph 13.04(1) of the Main LR. Apart from this, applications for all other subdivision of shares must be submitted through a Recognised Principal Adviser.

[End of Appendix 2]

⁵ A **Specified Subdivision** is defined in paragraph 13.04(3) of the Main LR as a subdivision of shares which -

- (a) is not conditional upon any other corporate proposal; or
- (b) is conditional upon another corporate proposal but -
 - (i) that other corporate proposal is a bonus issue; or
 - (ii) that other corporate proposal has been completed or become unconditional.