

APPENDIX 2

QUESTIONS AND ANSWERS

AMENDMENTS TO THE MAIN MARKET LISTING REQUIREMENTS IN RELATION TO THE
COMMODITY FUTURES STRUCTURED WARRANTSCHAPTER 5 - STRUCTURED WARRANTS*General**SW where the underlying financial instrument is commodity futures*

5.1B Under paragraph 5.08A of the Main LR, if an issuer issues SW with commodity futures as the underlying financial instrument (“commodity SW”), the underlying instrument of such commodity futures must be a prescribed commodity by the Exchange. What is the type of commodities that are currently prescribed by the Exchange (“prescribed commodities”)?

As a start, the prescribed commodities comprise crude palm oil, crude oil and gold. The list of prescribed commodities is available on Bursa Securities’ website at https://www.bursamalaysia.com/trade/our_products_services/equities/structured_warrants

Bursa Securities may review and expand the list of prescribed commodities from time to time. The updated list of the prescribed commodities will be published on Bursa Securities’ website at the link above.

5.1C What exchanges are considered as “Specified Exchanges”?

Pursuant to paragraph 5.02 of the Main LR, “Specified Exchanges” has the same meaning given in the Capital Markets and Services Act 2007, where it is defined to mean a person or body that operates a derivatives market outside Malaysia and is specified as a Specified Exchange by Bursa Malaysia Derivatives Berhad. The list of the “Specified Exchange” is available at https://www.bursamalaysia.com/regulation/derivatives/rules_of_bursa_malaysia_derivatives in the Trading Participants’ Directives and Guidance.

Underlying sharessecurities for put warrants

5.4A Can an issuer issue put warrants based on underlying sharessecurities listed on Bursa Securities, including the non-Approved Securities?

No. Pursuant to paragraph 5.06 of the Main LR, an issuer can only issue put warrants based on underlying sharessecurities which are part of the Approved Securities as defined in Rule 1.01 of the Rules of Bursa Securities.

Immediate announcement of specific events

5.4C What are the obligations of an issuer if the securities exchange or derivatives exchange outside Malaysia (“said exchange”) where the underlying financial instrument of the SW is listed or traded, ceases to be a member of World Federation of Exchanges or a Specified Exchange, as the case may be?

The issuer must, pursuant to paragraph 5.08B of the Main LR, immediately announce to Bursa Securities the fact that the said exchange is no longer a member of the World Federation of Exchanges or a Specified Exchange, as the case may be.

To ensure an orderly and fair market, the SW will continue to be listed and traded on Bursa Securities until maturity as long as the underlying financial instruments remain listed or traded on the said exchange. During such time, the issuer may continue to apply for Further Issue of additional units of the same series of SW for purposes of market-making in accordance with paragraph 5.29 of the Main LR. However, the issuer cannot issue and list any new series of SW with the same underlying financial instruments since the criterion under paragraph 5.04(1)(a) or 5.08A(a)(ii) of the Main LR is not met.

Terms and conditions

5.17 Under paragraph 5.27 of the Main LR, an issuer of a commodity SW exercised in the American style, may use the closing price of the underlying commodity futures -

- as at the exercise date (if the commodity SW is exercised before 12.30 p.m.); or
- on the next market day after the exercise date (if the commodity SW is exercised on or after 12.30 p.m.),

to calculate the settlement price of the commodity SW, provided that the requirements stipulated in the said paragraph 5.27 are met¹.

¹ An issuer may only use the additional calculation method set out in paragraph 5.27 of the Main LR 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.

What is the closing price of an underlying commodity futures if such commodity futures is traded on a Specified Exchange operating on a different time zone to Malaysia?

In such instances, the closing price of the underlying commodity refers to the closing price on the exercise date or the next market day after the exercise date, as the case may be, of the Specified Exchange where the underlying commodity futures is traded.

See the illustration below:

- Issuer X issues American style commodity SW where the underlying commodity futures are traded on a Specified Exchange in the United States of America (“US”).
- If Investor A exercises the commodity SW at 11 a.m. on 18 December 2023 (Malaysia time), Issuer X must calculate the settlement price of the commodity SW using the closing price of the underlying commodity futures traded on the Specified Exchange in the US on 18 December 2023 (US time).
- If Investor A exercises the commodity SW at 2.30 p.m. on 18 December 2023 (Malaysia time), Issuer X must calculate the settlement price of the commodity SW using the closing price of the underlying commodity futures traded on the Specified Exchange in the US on 19 December 2023 (US time).

[END OF APPENDIX 2]