

Key Changes of Listing Requirements of the



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Regulation

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 **ACE Market**

- Regulatory Framework
- Enhanced Sponsorship Regime
- Admission Criteria
- Listing Application & Processes
- Circulars
- Other Changes

Regulatory Framework

ACE MARKET – Market Based Regulatory Approach



Regulatory Framework

Roles & Responsibilities

SC



- Review disclosure in prospectus pursuant to S.232 and 237 of CMSA on IPO and public offerings

Bursa



- Initial listing application
- Secondary offerings (Rights Issue, Placements, Convertible securities)
- Regularisation plan
- ESOS, Bonus Issues, subdivision/ consolidations

Regulatory Framework

SC & Bursa Oversight Role



Enhanced Sponsorship Regime

ACE Market Sponsors - Roles & Obligations

Strict Governance Structure

- Sponsors must comply with rules issued by:
 - SC (Principal Advisers Guidelines, Licensed Intermediaries, Due Diligence Guidelines, Prospectus Guidelines)
 - Bursa (ACE Market LR – Annual review by Sponsors, Performance review by Exchange)

Enhanced Sponsorship Regime

ACE Market Sponsors - Roles & Obligations

Sponsor Requirement

IPO

- ❖ Sponsorship period 3 years – 1st year must be IPO Sponsor
- ❖ Sponsorship continues until Sponsored Corporation generates 1 FY audited operating revenue

Continuing

- ❖ PLC may appoint an entity other than the sponsor to be an Adviser for a specific corporate proposal
- ❖ PLC must obtain prior written consent of sponsor
- ❖ Sponsor must not unreasonably withhold consent

Enhanced Sponsorship Regime

ACE Market Sponsors - Roles & Obligations

Sponsor Obligations

- Assess suitability of applicant
- Guide & advise sponsored corporation and its directors
- Obligation to liaise with Exchange on Sponsor responsibilities e.g. LR breach not satisfactorily resolved

Enhanced Sponsorship Regime

ACE Market Sponsors - Roles & Obligations

Commitment by Sponsored Corporations to Sponsors

- To assist Sponsors, Sponsored Corporations are obliged to:
 - Provide information and assistance to Sponsors
 - Engage and consult with Sponsors on timely basis

Enhanced Sponsorship Regime

Change of Sponsor

Existing MMLR

1. Within 1 full financial year following admission
 - Sponsor not entitled to resign or be terminated **unless permitted by the Exchange**
2. After 1 full financial year following admission
 - Resignation/ termination – sponsor/ PLC must give **2 months** notice period
3. PLC must find replacement sponsor during the **2 months** notice period
4. If fail to find replacement sponsor:
 - Suspension after expiry of 2 months notice period
 - **May** be de-listed after 2 month following expiry of notice period

ACE Market LR

1. Within 1 full financial year following admission
 - Sponsor cannot resigned or be terminated
2. After 1 full financial year following admission
 - Resignation/ termination – sponsor/ PLC **must obtain prior Bursa's approval**
3. Bursa will not approve unless:
 - **there is a replacement sponsor; or**
 - **in exceptional circumstances which warrant the consideration of Bursa**
4. After Bursa's approval sponsor/ PLC must give **3 months** notice period
5. If fail to find replacement sponsor:
 - Suspension after expiry of 3 months notice period
 - **Automatic** de-listing after 2 months following expiry of notice period

Enhanced Sponsorship Regime

Public Document

- ❖ Sponsor must review all public document submitted/ disclosed by PLC to Bursa except:
 - Annual audited financial statements
 - Announcements as referred under para. 9.17(2)(a) (i.e. change of address, name, composition of boards, AC, CEO etc.)
 - Where PLC has appointed an entity other than the Sponsor to be an Adviser for a specific corporate exercise
- ❖ PLC must include the name of its IPO sponsor in all public documents during the 3 years sponsorship period

ADMISSION

COMPARISON OF EXISTING & NEW LR

Existing MMLR
1. Confined to high-growth or technology-based companies
2. Minimum requirements on operating history, size and track-record
3. Disallow offer for sale
4. Minimum issue price <ul style="list-style-type: none"> ▪ 50 sen
5. Other listings <ul style="list-style-type: none"> ▪ Allow structured warrants

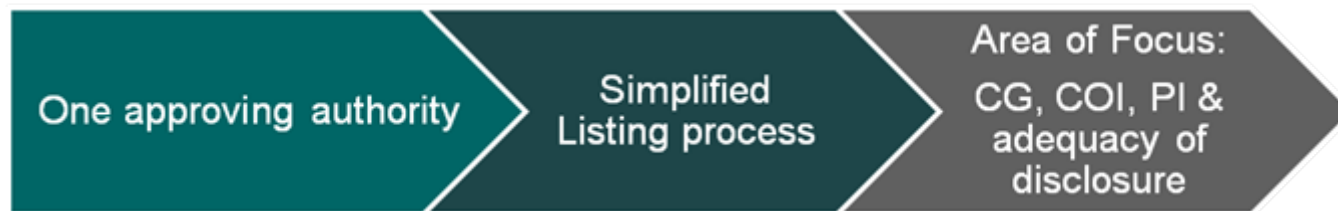


ACE MARKET LR
1. Allow eligible corporations from all economic sectors
2. No minimum requirement on operating history, size and track-record
3. Allow offer for sale for applicants with operating profit, subject to <u>moratorium</u>
4. Removal of minimum issue price
5. Other listings <ul style="list-style-type: none"> • Structured warrants - not allowed • SPACs or incubators – not allowed

New Fund Raising Framework

All relevant requirements relating secondary issuance as stipulated in the SC's Guidelines on the Offering of Equity and Equity-Linked Securities are now incorporated in the Main LR

Listing Application



Bursa may:

1. approve application subject to conditions
2. engage listed issuers and advisers to rectify areas of concern
3. reject application

Shorter time to market

- Prescribed Listing form
- Concurrent processing of ILA/ALA & clearance of circular
- Merged processing of ILA/ALA & quotation
- Rights Issue- SPEED processing for crediting of rights for trading
- SPEED processing for Capital Repayment

New Issues of Securities

Enhanced Disclosure

General Mandate

- Proceeds raised from previous mandate & details and status of utilisation (**negative statement where applicable**)
- Purpose and details of utilisation of proceeds for current general mandate sought

Other enhancement in announcements and circulars

- Justification for new issuance of securities
- Description & outlook of the industry the PLC is operating or will be operating
- Irrevocable undertaking to subscribe for the new issue:
 - confirmation on sufficiency of financial resources (must be verified by independent party)
 - statement on consequences to PLC and shareholding with regard to Take-Over & Merger Code
- ESOS - performance target if any, and the potential cost

CIRCULARS

❖ Circulars must comply with:

- the minimum disclosure as prescribed in the LR; and
- such other information having regards to the particular nature of the transaction to enable shareholders to make informed decision at general meeting

❖ Sponsors/advisors must place greater emphasis on additional information to be disclosed in circulars to enable shareholders to assess the merits of the corporate proposal

❖ All circulars by ACE companies will be post-vetted except for RTO/BDL and GN2 & GN3 companies' proposals.

❖ Post vetted circulars will be reviewed to ascertain whether there is any breach of LR for enforcement purposes

Other Changes in ACE Market LR

Transaction

Non-RPT

≥5%
announce
information as
prescribed under
Appendix 10A

≥25%
issue circular
containing info.
prescribed in App.
10B and seek
shareholders'
approval

RPT

≥0.25%
announce
information as
prescribed under
Appendix 10A &
10C

≥5%
issue circular as
prescribed in
App. 10B & 10D
and seek
shareholders'
approval

Requirement for transaction which is
≥ 15% but <25% is removed

Transaction – Enhanced Disclosure

All
transactions

Circular

- Profit Guarantee (“PG”):-
 - PLC’s rights of recourse;
 - whether PG is realistic
- Timetable for completion of transaction
- Conflict of interest disclosure enhanced:-
 - Nature & extent of conflict
 - Parties to conflict
 - Measures taken for resolving, eliminating or mitigating conflict situation

Transaction- Enhanced Disclosure

RPT

Announcement:

Audit Committee's (AC) statement setting out the following:

➤ AC's view whether:-

- (i) in the best interest of the listed issuer;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders, together with the basis for its views;

➤ If independent advice (IA) is sought , a statement to that effect;

➤ If views of AC are different from the opinion of IA, if any, the reasons for the difference;

Enhanced statement by directors to include:

➤ If board sought an independent advice, a statement to that effect;

➤ If views of the board are different from the opinion of the AC or IA (if any) the reasons for the difference

Transaction - Enhanced Disclosure

RRPT

Announcement

- Deviation of 10% or more between estimated and actual RRPT value and reasons for such deviation

Circular

- The actual value transacted of each RRPT
- The estimated value of each RRPT as disclosed in the preceding year's circular;
- Reasons for deviation, if the actual value exceeds > estimated value by 10% or more

RRPT - Enhanced Disclosure

Announcement

Date	Cumulative Value of Transaction [*] (RM'000)	% of deviation since prev. ann. Based on mandated amount	Announcement ?
30-Apr-09 (AGM)	1,500	-	-
31-Aug-09	1,680	12%	Yes
30-Sep-09	1,800	8%	No
30-Oct-09	1950	18%	Yes

^{*} period should be from previous AGM to the next AGM

Transaction

Percentage Ratio

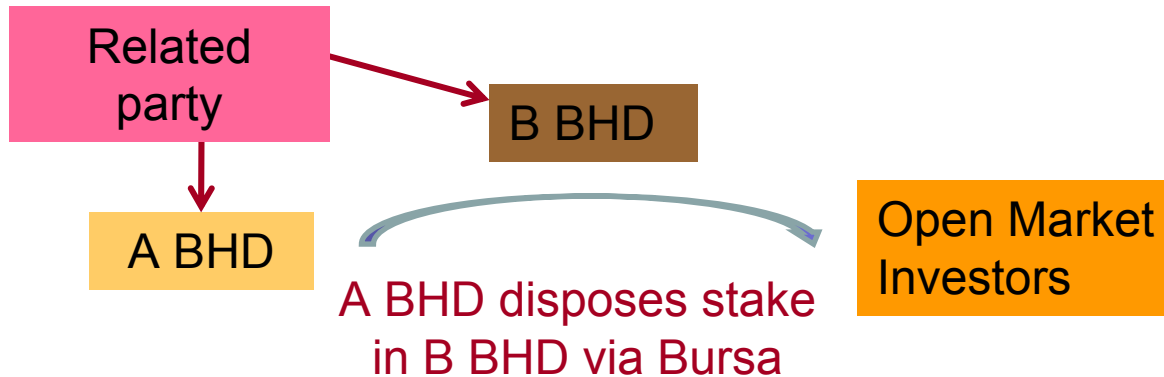
Total Assets ratio is only applicable in transaction which involves subsidiary companies

Transaction

RPT – Additional Exempt Transaction

Disposal of an interest in an investee company

- (i) The related party are not a party, initiator or agent to the said disposal
- (ii) The disposal is effected on Bursa Securities where counterparty's identity is unknown to PLC or its subsidiary



The above includes disposal of an investee company on a pro-rata basis or from acceptance of takeover offer

Transaction

RPT – Additional Exempt Transaction

Provision/ receipt
of unit trust
services

- On non-negotiable fixed price/ rate
- All material terms are applied consistently to all classes of customers


Valuation

New Requirement

- ❖ Requirement of valuation report on real estate irrespective on the mode of sale/purchase consideration (cash or securities) for:
 - Non RPT : all transactions which are $\geq 25\%$ of the relevant percentage ratio
 - RPT: all transaction which are $\geq 5\%$ of the relevant percentage ratio
- ❖ Valuation report to be submitted to Bursa not later than 1 month before the issuance/ submission of circular/draft circular (as the case maybe)
- ❖ Valuation must comply with SC's Valuation Guidelines
- ❖ Significant change – issuer/ valuer must update valuation report

Bursa

- Refer valuation report to SC
- May request for a valuation report on any assets
- May appoint second opinion valuer



**Valuation Report
must not > 6
months old**

Valuation

	Transaction which percentage ratio is – ▪ $\geq 25\%$ pursuant to Part D (Transaction), Chapter 10 of the ACE Market LR; or ▪ $\geq 5\%$ pursuant to Part E (Related Party Transaction), Chapter 10 of the ACE Market LR	Valuation required to be conducted and valuation report submitted to Bursa?
(i)	Acquisition or disposal of a real estate	Yes
(ii)	Acquisition or disposal of a property development/ property investment corporation	Yes, the valuation report must be submitted for all material real estate.
(iii)	Acquisition or disposal of a corporation (other than defined in (ii)) which owns real estate	Yes, only if the real estate has been revalued and the revalued amount is used as the basis in determining the purchase or disposal consideration

Shareholding Spread

Initial listing

- $\geq 25\%$
- minimum 200 public shareholders holding not less than 100 shares

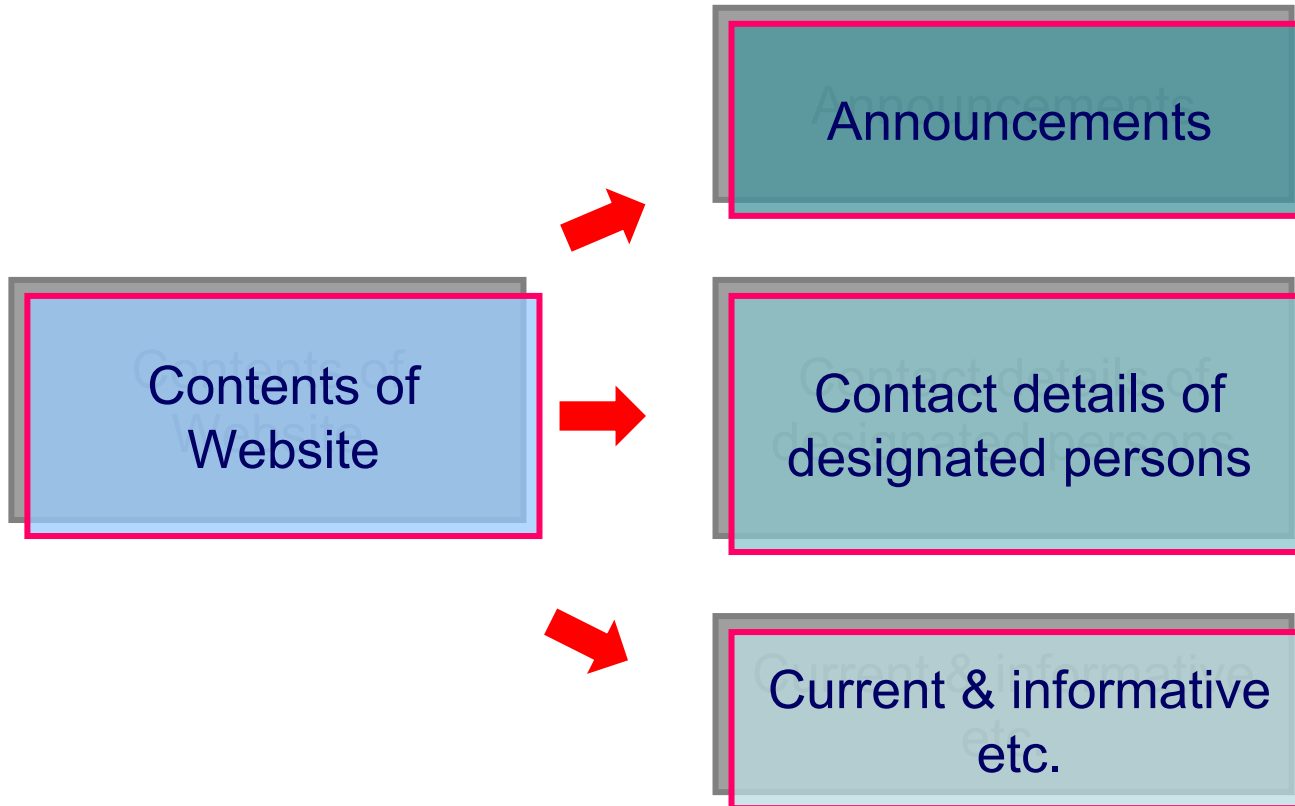
Continuing listing

- $\geq 25\%$
- no minimum number of public shareholders

- Compliance with “public spread” requirement by artificial means is prohibited.

“public” includes directors of listed issuers’ associated co.

Requirements for Website



Delay in submission of Financial Reports

≥ 3 MD **before**
due date

- ❖ Immediate announcement to Bursa if becomes aware that PLC will not be able to submit by the due date

5 MD **after** due
date

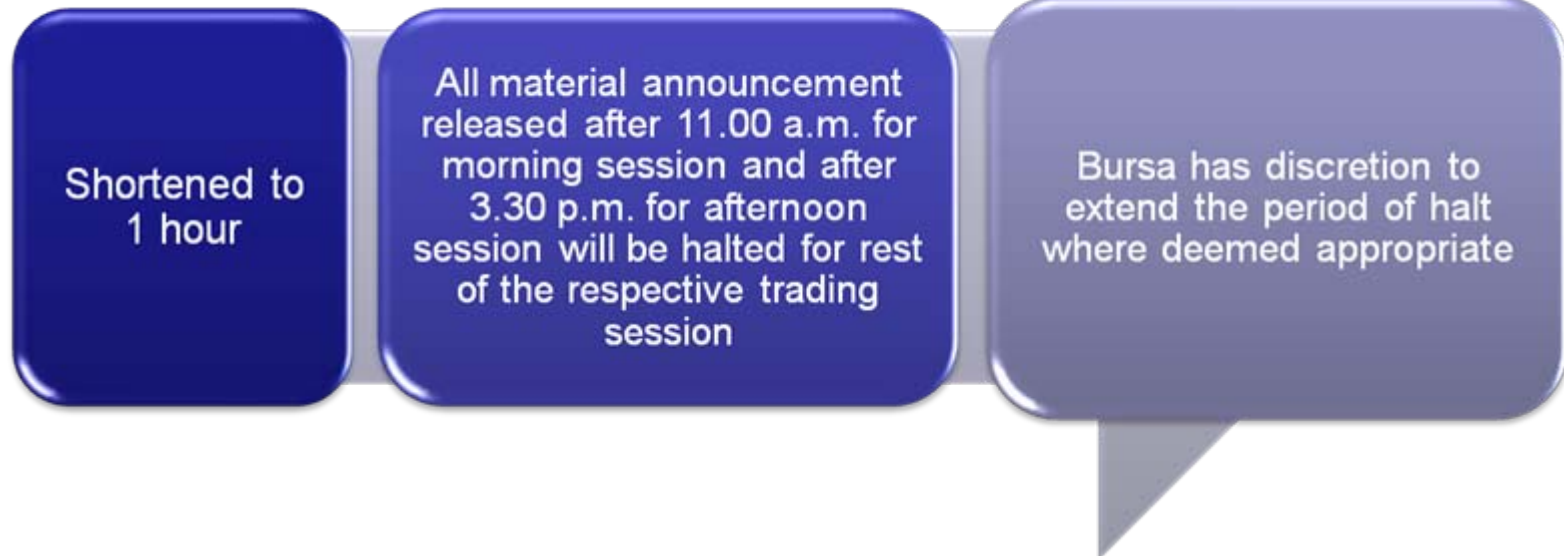
- ❖ Suspension will be effected on the next day after the expiry of 5 MD of the due date for submission

6 months **after**
due date

- ❖ Bursa shall commence delisting procedures

Trading Halt & Request for Suspension

Trading Halt



Request for suspension

- ❖ The above trading halt timeframe is not applicable for voluntary request for suspension
- ❖ Notice for request for suspension shortened to 1 hour

Dealing in Securities

Key Changes - Dealing in Securities

Mesdaq LR

Definition of "closed period"

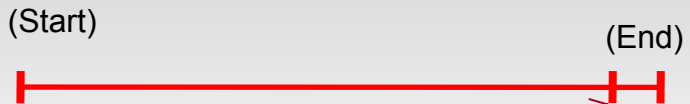
(a)



Time info.
obtained

Announcement
date of matters
involving price-
sensitive info.

(b)



D - 1 mth

Targeted
date to
announce
quarterly
result (D)

date of
announc-
ment of
quarterly
results

ACE Market LR

Definition of "closed period"

(Start)

(End)



D-30 days

Targeted
date to
announce
quarterly
result (D)

date of
announcem-
ent of
quarterly
results

Key Changes - Dealing in Securities (Cont'd)

Mesdaq LR

Definition of “affected persons”

Listed
issuers

Directors
+
Principal
officers

ACE Market LR

Definition of “affected persons”

Listed issuers

+

**Major
subsidiary of
listed issuers**

CIS Management
Co.

Directors
+
Principal
officers

Key Changes – Dealing in Securities (Cont'd)

Mesdaq LR

Dealing notification period outside closed-period

- 14 days after dealing

Exemption from dealing restrictions

- Acceptance of options/rights under ESOS ?

ACE Market LR

Dealing notification period outside closed-period

- **3 market** days after dealing

Exemption from dealing restrictions

- Acceptance of options/rights under ESOS exempted.

TRANSITIONAL ISSUES

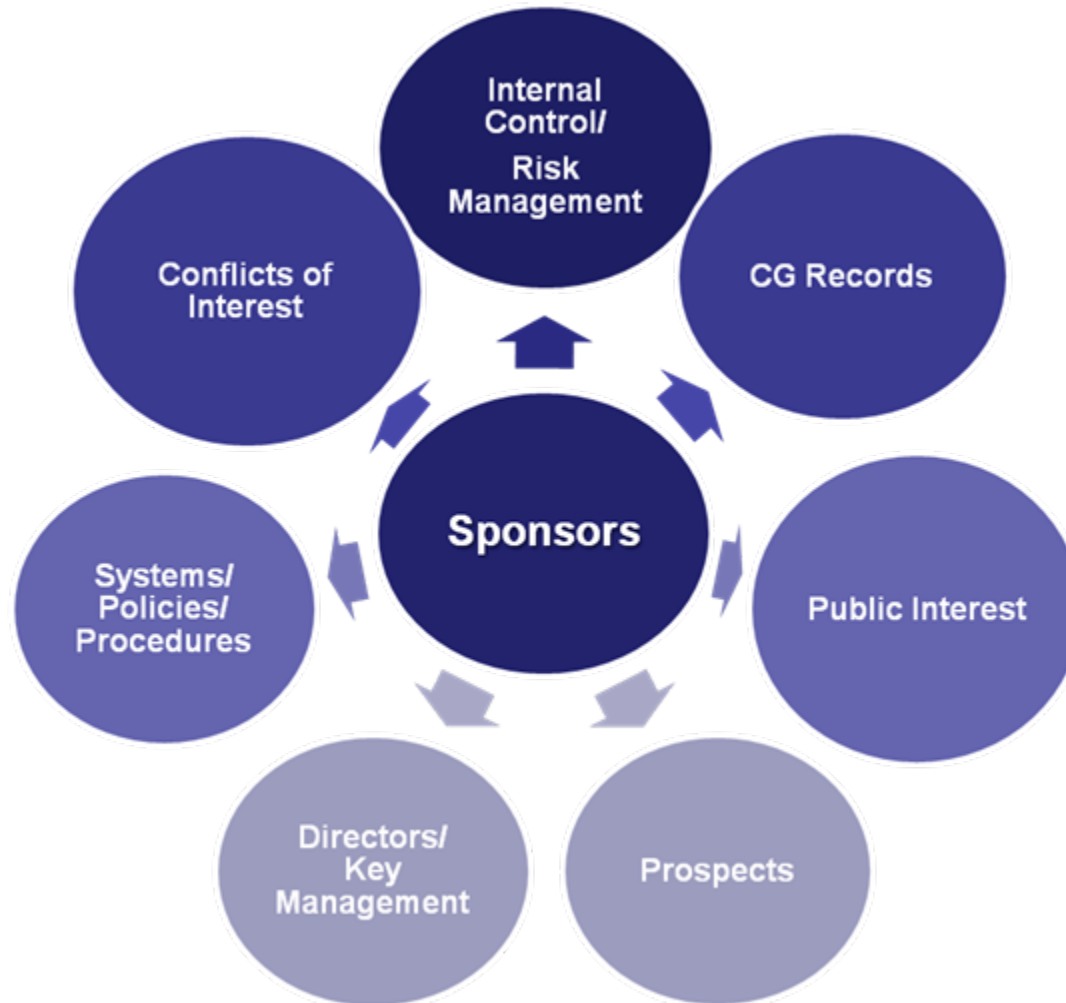
- ❖ **Public shareholding spread**
 - **The continuing requirement of minimum number of 1000 public shareholdings spread will be waived with effect from 8 May 2009**

- ❖ **GN2/GN3 Companies**
 - **Existing Listed Corporations may apply to Bursa to regularise their condition under the amended rules 8.03 & GN2 and 8.04 & GN3 for the ACE Market (provided they are still within the stipulated/ extended timeframe)**



Thank You

SUITABILITY ASSESSMENT BY SPONSORS

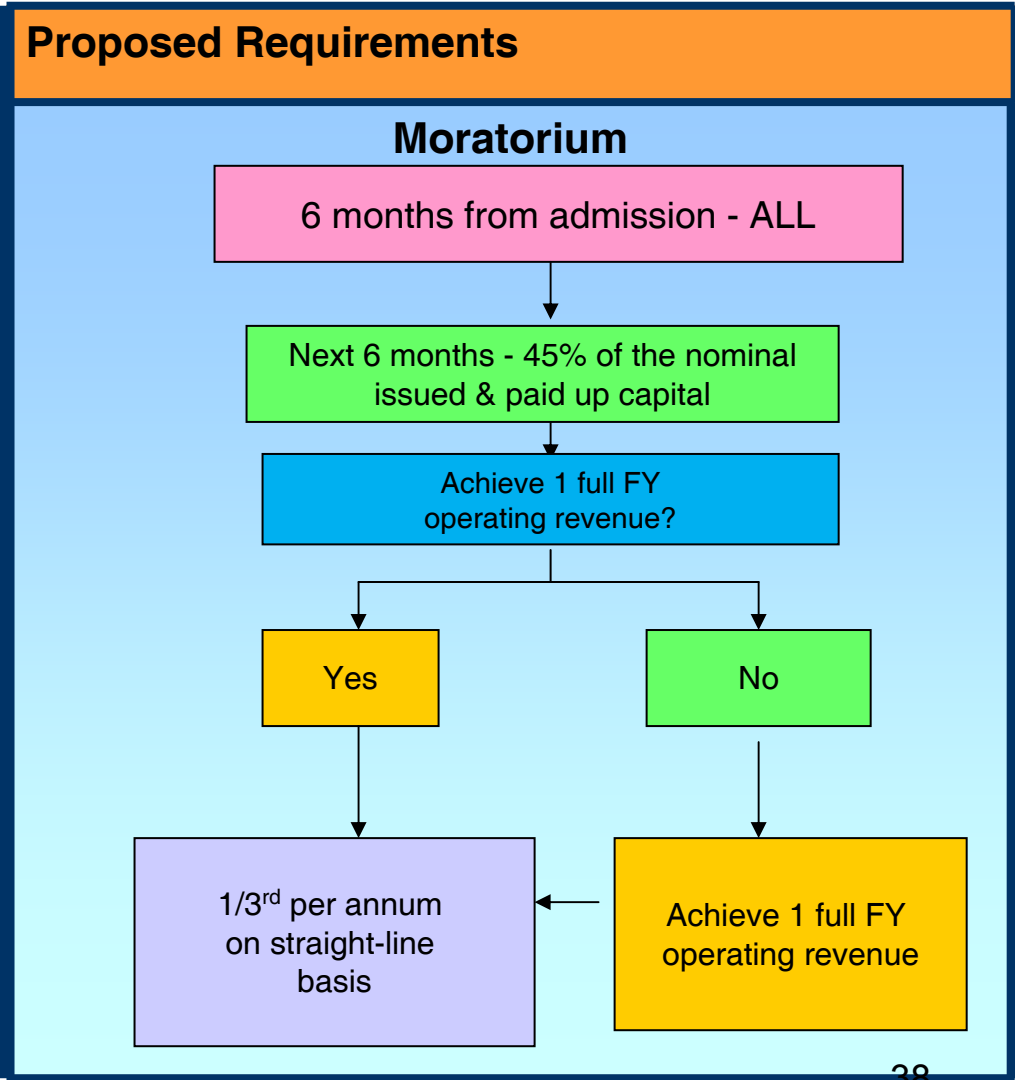


ACE Market – Moratorium

Existing Position

Moratorium

- **45% for 1 year from admission date**
- **After that – may dispose up to a max 1/3rd per annum (on a straight-line basis) of promoters’ respective shareholdings under the moratorium.**



QUOTATION – Secondary Issuance

Under the simplified listing process, the following procedures will be applicable:

Day
before
listing
date

By 10.00
a.m.

Submit the share certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository

By 12.00
noon

Receive confirmation from Bursa Depository that the securities are ready for crediting

By 3.00 p.m.

Announce pursuant to paragraph 12.2 of GN17 through *Bursa Link* via a dedicated template, “**ALA template**” the following:

- details of the corporate proposal;
- total no. of securities issued under each proposal and the issue price per share, if any;
- date of listing and quotation; and
- latest issued & paid-up capital of the listed issuer after the proposal indicating the number of shares (in unit and RM) and their par value, if any.

QUOTATION – IPO

The following procedures will be applicable:

Issuance
date of
prospectus

Announcement on IPO Timetable (para. 8.1 of GN15):

- Opening & closing date of the offer period;
- Balloting date
- Allotment date of the IPO; and
- Tentative listing

Day before
listing date

By
3.00
p.m.

Announce pursuant to paragraph 8.2 of GN15 through *Bursa Link* via a dedicated template, “*IPO template*” the following:

- Actual date of listing;
- Enlarged issued & paid-up capital of the PLC indicating the no. of shares and par value if any;
- Stock short name, stock code, ISIN code; and
- Sector and market in which the new securities will be admitted



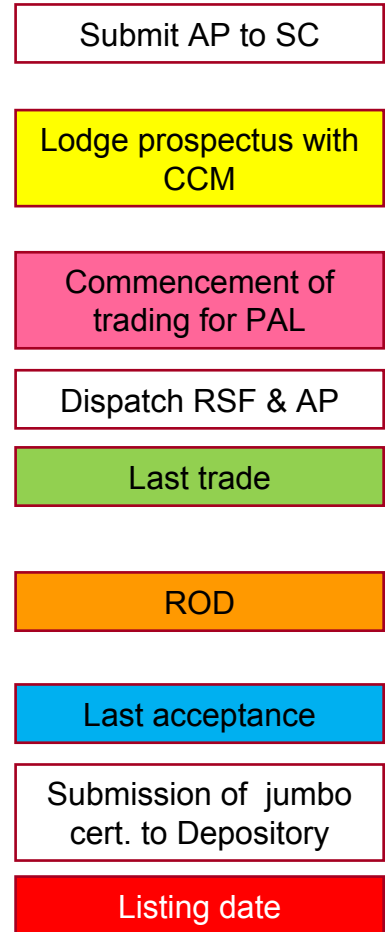
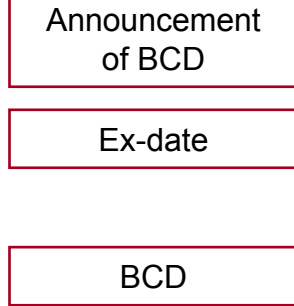
RIGHTS ISSUE

Current

New

T

T



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30

10 MD

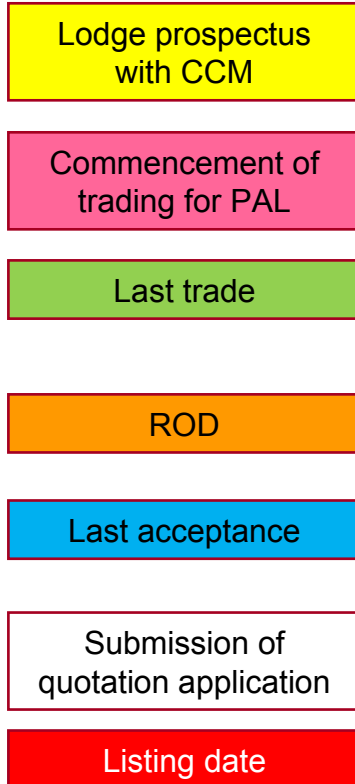
5 MD

10 MD

5 MD

11 MD

41



New Issues of Securities

Rights Issue

Book
Closure
Date

- May fix BCD for Rights Issue before shareholders approval if SH holding >50% of the nominal value of voting shares have given irrevocable undertaking

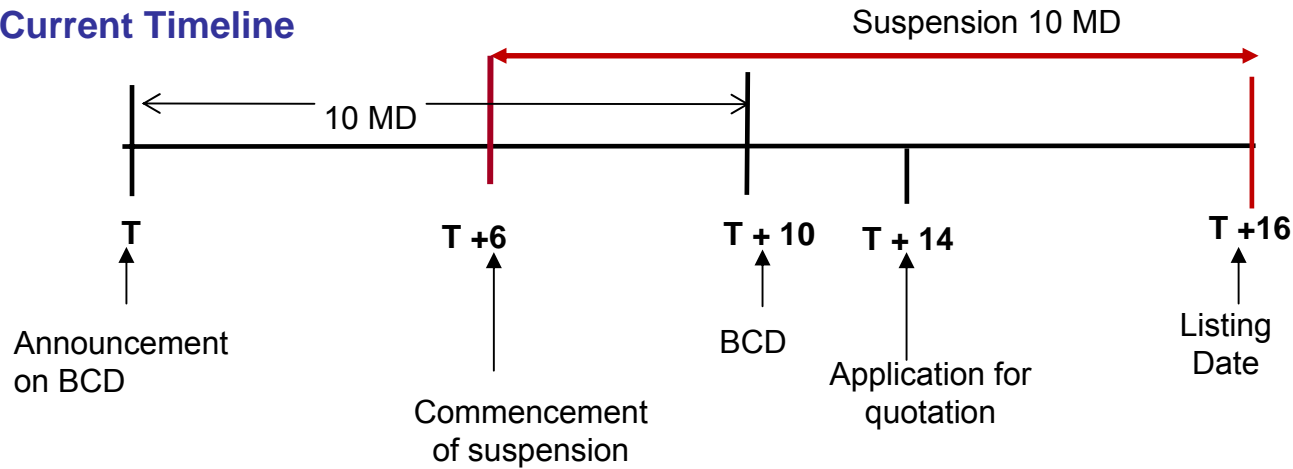
Underwriting

- Optional for Rights Issues
- Minimum Level

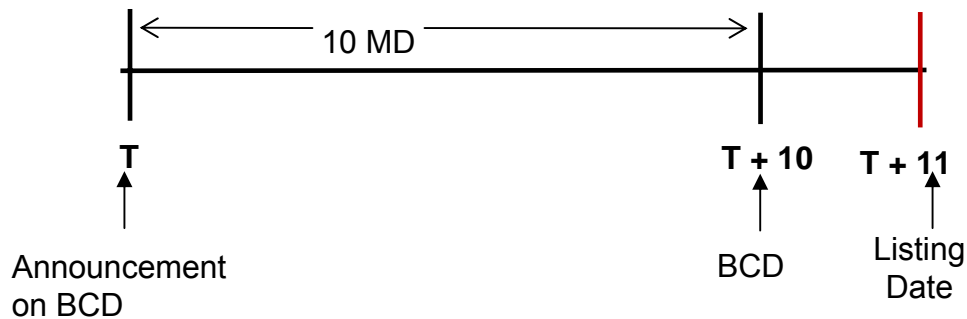


CAPITAL REPAYMENT

Current Timeline



New Timeline (SPEEDs)



- No suspension
- No quotation application

