

Our Ref: SR/TAC(fc)/LD 04/13 [SS & EEP]

8 May 2013

The Company Secretary
(Listed Issuers)

Via email

Dear Sir/Madam,

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS RELATING TO STAPLED SECURITIES AND ENFORCEMENT PROCEEDINGS

Please note that pursuant to section 9 of the Capital Markets and Services Act 2007, amendments have been made to the Main Market Listing Requirements ("**Main LR**") to:

- (a) facilitate the listing of stapled securities ("**SS Amendments**") on Bursa Malaysia Securities Berhad ("**the Exchange**"); and
- (b) enhance the current framework for enforcement action in the Main LR, in particular on the approach and process for enforcement actions ("**Enforcement Proceedings Amendments**").

STAPLED SECURITIES

1. INTRODUCTION

- 1.1 The Securities Commission ("**SC**") and the Exchange may now allow the listing of stapled securities by eligible issuers on the Exchange.
- 1.2 Stapled securities refer to an arrangement under which different types of securities are listed and traded as one security. Stapled securities may involve different types of securities issued by an issuer or different issuers. Issuers of stapled securities remain as separate legal entities/structures even though their securities are stapled, listed and traded as one security.
- 1.3 Under the stapled securities framework, applicants/issuers seeking listing and quotation of stapled securities on the Exchange must comply with the following:
 - (a) consult the SC and obtain SC's approval and other relevant authorities (where applicable); and
 - (b) upon listing, comply with the continuing listing requirements under the Main LR, guidelines issued by the SC and any other statutory requirements which are applicable to the issuers, as the case may be.

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2. KEY SS AMENDMENTS

- 2.1 Generally, the entire Main LR applies to the issuers of stapled securities, either individually or collectively, subject to such adaptations or modifications, where necessary.
- 2.2 Some of the key SS Amendments include:
- (a) prescribing some requirements governing the relationship between the issuers of stapled securities, such as to co-operate with each other and to maintain the stapling ratio at all times;
 - (b) requiring issuers of stapled securities to immediately announce to the Exchange any material information, including any amendments to the stapling deed;
 - (c) requiring the anchor issuer¹ of stapled securities to announce to the Exchange the quarterly report of the stapled group on a consolidated or combined basis;
 - (d) requiring the anchor issuer of stapled securities to issue its annual reports that include annual audited financial statements of the stapled group on a consolidated or combined basis;
 - (e) allowing issuers of stapled securities to provide financial assistance within the stapled group, subject to compliance with paragraph 8.23 of the Main LR;
 - (f) requiring the issuers of stapled securities to consult the Exchange when calculating the percentage ratios applicable for transactions under the Main LR, which will generally be based on the stapled group's financial statements;
 - (g) clarifying the calculation of percentage ratio relating to net profits of the stapled group;
 - (h) clarifying that a related party of each issuer of stapled securities includes a related party of the other issuer in the stapled group;

¹ Under the Main LR, the "anchor issuer" refers to the issuer of stapled securities which consolidates or combines the financial statements of the stapled group and issues the stapled group's financial statements on a consolidated or combined basis.

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- (i) clarifying the application of the Prescribed Criteria² set out in paragraph 2.1 of Practice Note 17 to stapled securities, which assessment will be made based on the stapled group basis; and
- (j) prescribing the additional power of the Exchange to delist the stapled securities if any or all of the securities are no longer stapled.

ENFORCEMENT PROCEEDINGS

3. BACKGROUND

3.1 We have reviewed and enhanced the current framework for enforcement action under the Main LR, in particular on the approach and processes for enforcement action.

3.2 In line with our continuous efforts to enhance market efficiency the Exchange has made the following enhancements to the enforcement framework under the Main LR:

- (a) With respect to certain specified breaches (as set out in the Main LR), a person who has breached the rules now has the opportunity to agree with the decision made by the Exchange and give effect to the penalty imposed without being subjected to the processes of a full enforcement proceeding³ ("**Expedited Proceeding**").
- (b) In a full enforcement proceeding, a person who has breached the rules may wish to and can agree with the Exchange on certain facts, liability or penalty in relation to the breach alleged to have been committed by such person ("**Agreed Settlement**"). This allows breaches that do not come within the scope of the Expedited Proceeding to be resolved and completed expeditiously at the option of such person.

² Prescribed criteria refer to the criteria in relation to the financial condition and level of operation of a listed issuer which may not warrant continued trading of listing of a listed issuer on Bursa Securities. Such criteria are set out in Paragraph 2.1 of PN17 of the Main LR.

³ A full enforcement proceeding refer to the following approach:

Arising from investigations conducted by the Exchange, where the Exchange finds that a person who is bound to comply with the Main LR has breached the rules, the Exchange issues a notice to such person. The notice sets out the alleged breach and provides the person with an opportunity to reply to the notice and give reasons why enforcement action should not be taken. Based on the reply given, the Exchange tables the matter to the relevant committee to decide whether the person has breached the Main LR. Such person may upon request be present at the meeting of the relevant committee. The relevant committee after its deliberation notifies such person of its decision.

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- (c) Clarifying the appeal process in the event a person who has breached the rules is dissatisfied with a decision resulting from an enforcement decision.

4. KEY ENFORCEMENT PROCEEDINGS AMENDMENTS

4.1 The key Enforcement Proceedings Amendments to the Main LR are as follows:

- (a) setting out the procedures and requirements relating to a full enforcement proceeding and Expedited Proceeding respectively;
- (b) clarifying the oral representation that may be requested by a person in an enforcement proceeding;
- (c) allowing a person who has breached the rules to propose an Agreed Settlement at any time before the Exchange makes a decision;
- (d) clarifying the standard of proof in an enforcement action by the Exchange, which is on the balance of probabilities; and
- (e) setting out the right of appeal by a person who has breached the rules, and the appeal process.

5. THE FULL TEXT OF THE AMENDMENTS AND QUESTIONS & ANSWERS

5.1 For ease of reference, the SS Amendments and Enforcement Proceedings Amendments are reflected in the following manner:

- portions underlined are text newly inserted/added/replaced onto the existing rules; and
- portions struck through are text deleted.

5.2 The text of the SS Amendments and the Enforcement Proceedings Amendments both with the amendments tracked are attached in **Appendix 1** and **Appendix 2** respectively for your reference.

5.3 In addition, we have also provided some “Questions and Answers” in **Appendix 3** to facilitate the listed issuer’s better understanding of, and compliance with the SS Amendments.

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6. IMPLEMENTATION

The SS Amendments and Enforcement Proceedings Amendments will become effective immediately.

7. ADDITIONAL INFORMATION

This letter and all the above mentioned documents are also available at Bursa Malaysia's website at www.bursamalaysia.com.

If you have any queries on the above, please do not hesitate to contact the following persons from Listing Advisory & Development, Listing Division:

- (a) Mr Chee Kai Man (03 - 2034 7776)
- (b) Ms Tiffany Yan Wei Mee (03 - 2034 7307).

Thank you.

Yours faithfully,



**SELVARANY RASIAH
Chief Regulatory Officer**

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