

Our Ref: SR/TAC(pt)/LD20/15

13 July 2015

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS IN RELATION TO -

1. **THE ACE MARKET REVIEW; AND**
 2. **THE FINANCIAL SERVICES ACT 2013**
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1. INTRODUCTION

- 1.1 Pursuant to section 9 of the Capital Markets and Services Act 2007, Bursa Malaysia Securities Berhad ("**the Exchange**") has made amendments to the ACE Market Listing Requirements ("**ACE LR**") subsequent to a review of the ACE Market and consequential to the Financial Services Act 2013 ("**FSA**").

2. BACKGROUND

- 2.1 The Exchange has undertaken a review of the ACE Market. This review is aimed at enhancing the overall attractiveness and competitiveness of the ACE Market and achieving the following objectives:
- (a) promote a more transparent framework, with greater clarity of the admission criteria; and
 - (b) ensure the continued attractiveness and competitiveness of the ACE Market as a listing and investment platform.
- 2.2 Additionally, the Exchange has reviewed the ACE LR consequential to the FSA, to ensure that the policy and terminology used in the ACE LR is aligned and consistent with the FSA.
- 2.3 The Exchange had, on 18 November 2014, published a consultation paper seeking public feedback on the proposed amendments to the ACE LR ("**Consultation Paper**"). The public consultation closed on 9 January 2015. Generally, the market welcomes the proposed amendments.

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2.4 In finalising the amendments to the ACE LR, we have considered the feedback or comments received on the Consultation Paper, and reviewed our proposals accordingly.

3. THE ACE MARKET REVIEW AMENDMENTS

3.1 The amendments to the ACE LR ("**ACE Market Review Amendments**") extends to both the admission and post listing obligations for the ACE Market. This is part and parcel of the Exchange's efforts to enhance our regulatory approach and ensure the continued effectiveness of the ACE Market as a platform for capital raising and investment.

3.2 In order to promote a more transparent framework in the marketplace, the Exchange has made various enhancements to improve clarity of the admission criteria to the ACE Market, as well as enhance disclosures of an initial public offering ("**IPO**") application made by an applicant to the Exchange as follows:-

- (a) clarifying the admission criteria and suitability assessment to be undertaken by the Sponsor of an ACE Market applicant with additional guidance being provided, including setting out the characteristics of an applicant that a Sponsor should not generally consider as being suitable for listing on the ACE Market;
- (b) introducing a new pre-IPO consultation procedure for ACE Market applicants to allow applicants to seek guidance as to the admission requirements of the Exchange at an early stage;
- (c) requiring an independent market research report in support of an IPO listing application to enhance disclosures about the applicant; and
- (d) clarifying the requirements applicable to an applicant seeking listing on the ACE Market via a corporate proposal which will result in a significant change in business direction or policy of a listed corporation to promote parity of regulation.

3.3 Additionally, the Exchange has introduced the following measures to promote the ACE Market as an attractive and competitive platform for listing and investment:

- (a) liberalising the moratorium requirements for eligible promoters¹ to 6 months from the date of listing;

¹ Eligible promoters are corporations undertaking venture capital or private equity activity and registered with the Securities Commission ("**SC**") pursuant to the SC's Guidelines on the Registration of Venture Capital and Private Equity Corporations and Management Corporations, as well as angel investors accredited by the Malaysian Business Angel Network.

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- (b) shortening the moratorium period applicable to promoters of listed corporations which are eligible for listing on the Main Market to 6 months from the date of listing, if the Exchange is satisfied with the corporate governance and compliance record of the listed corporation;
 - (c) exempting listed corporations which have met the Main Market admission criteria from the sponsorship requirement after 1 full financial year from the date of listing on the ACE Market, if the Exchange is satisfied with the corporate governance and compliance record of the listed corporation;
 - (d) pre-vetting of prescribed circulars by the Exchange prior to issuance of the same to shareholders to ensure quality and parity in the standards of disclosure in the marketplace;
 - (e) liberalising the sponsorship framework by removing the requirement for Sponsors to approve Public Documents² and allowing a change of Sponsors without the Exchange's prior approval where a replacement Sponsor has been found; and
 - (f) broadening the pool of eligible advisers to provide a wider choice to a listed corporation in the appointment of an independent adviser for related party transactions, Major Disposals³ and voluntary withdrawal of listing.
- 3.4 With the enhancements to the ACE LR above, the Exchange looks forward to facilitating more corporations, including the small and medium size enterprises (SMEs) and companies with growth potential to raise funds through IPOs on the ACE Market.

4. THE FSA AMENDMENTS

- 4.1 Currently, Rule 8.25(4)(c) of the ACE LR exempts a "scheduled institution" registered with and supervised by Bank Negara Malaysia from complying with the provision on financial assistance. The FSA does not have provisions relating to "scheduled institutions". Hence, the Exchange has removed the "scheduled institution" exemption from Rule 8.25 of the ACE LR. The exemption that applies to a corporation whose activities are regulated by any written law relating to banking and are subject to supervision by Bank Negara Malaysia (i.e. Rule 8.25(4)(b)), however, still remains. This means that corporations which were previously "scheduled institutions" and which are no longer subjected to Bank Negara Malaysia's regulation

² Means any document issued by a Sponsored Corporation to the public or to the holders of any class of securities in a listed corporation pursuant to the ACE LR.

³ Means a disposal of all or substantially all of a listed corporation's assets which may result in the listed corporation being no longer suitable for continued listing on the Official List under Rule 10.02(eA) of the ACE LR.

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and supervision⁴ must now adhere strictly to the requirements set out in Rule 8.25 when providing financial assistance.

- 4.2 On the other hand, previous “scheduled institutions” such as the development finance institutions which are prescribed under the Development Financial Institutions Act 2002⁵, and therefore, still regulated and supervised by Bank Negara Malaysia will continue to enjoy the exemption from the provision on financial assistance under Rule 8.25(4)(b) of the ACE LR.
- 4.3 The Exchange has also streamlined the references used under the ACE LR with the FSA. For ease of reference, the table below sets out the changes in terminology in the ACE LR consequential to the FSA:-

Previous terminology	Amended terminology	Affected provisions
Controller of Foreign Exchange	Bank Negara Malaysia	Rule 2.27(2), 5.06 Guidance Note 15, Annexure GN15-A, Part A, Paragraph 3 Guidance Note 17, Annexure GN17-B, Part A, Paragraph 9
merchant bank	licensed investment bank	Rule 8.03(4)(b)
Banking and Financial Institutions Act 1989	Financial Services Act 2013	Rule 8.03(4)(b) Guidance Note 9, Paragraph 5.2(c)(i)
insurance funds	insurance fund	Rule 10.08(11)(m)(dd)(C)

⁴ For example, corporations which carry out building credit business, factoring or leasing business or development finance institutions which are not prescribed under the Development Financial Institutions Act 2002.

⁵ The existing prescribed development finance institutions are:

- (a) Bank Pembangunan Malaysia Berhad;
- (b) Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank);
- (c) Export-Import Bank of Malaysia Berhad (EXIM Bank);
- (d) Bank Kerjasama Rakyat Malaysia Berhad;
- (e) Bank Simpanan Nasional; and
- (f) Bank Pertanian Malaysia Berhad (Agrobank)

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Previous terminology	Amended terminology	Affected provisions
Insurance Act 1996	Financial Services Act 2013	Rule 10.08(11)(m)(dd)(C)
licensed institutions	licensed persons	Guidance Note 9, Paragraph 5.2(c)(i)

5. FULL TEXT OF AMENDMENTS

5.1 The full text of the ACE Market Review Amendments is attached in **Appendix 1**, whilst the full text of the FSA Amendments is attached in **Appendix 2**. For ease of reference, the amendments are reflected in the following manner:

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

6. IMPLEMENTATION

6.1 The ACE Market Review Amendments and the FSA Amendments shall take effect from **13 July 2015** (“Effective Date”).

In relation to the requirements relating to pre-vetting of prescribed circulars by the Exchange under Rule 9.30A, the amendments are applicable to corporate proposals requiring shareholder approval announced to the Exchange on or after the Effective Date.

6.2 In addition, we have also updated the “Questions and Answers” as set out in **Appendix 3** to facilitate the listed corporation’s better understanding of, and compliance with the ACE Market Review Amendments and FSA Amendments.

7. ADDITIONAL INFORMATION

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

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7.2 If you have any queries on the above, please do not hesitate to contact the following persons from Listing Advisory & Development, Listing Division at 03-2034 7766:

- (a) Mr Chee Kai Mun;
- (b) Ms. Tiffany Yan Wei Mee; or
- (c) Pn. Razalina Suriati Abdullah.

Thank you.

Yours faithfully,



SELVARANY RASIAH
Chief Regulatory Officer

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Encls.