

Our Ref: IS/TAC/RO(ms)/FZ/LD06/21 [Public Spread]

23 February 2021

The Company Secretary
(ACE Market Listed Corporations)

Via email

Dear Sir/Madam,

AMENDMENTS TO THE ACE MARKET LISTING REQUIREMENTS IN RELATION TO PUBLIC SECURITY HOLDING SPREAD

(A) INTRODUCTION

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**”) in relation to public security holding spread requirements as set out in Part C below (“**Public Spread Amendments**”).

(B) BACKGROUND

2. Maintaining an appropriate level of public security holding spread (“**public spread**”) is essential to provide an open, fair and orderly market for the securities traded on the Exchange. This will ensure the availability of an adequate number of securities for trading and provide sufficient liquidity in the market.
3. The ACE LR currently prescribes that a listed corporation must have at least 25% of listed shares in the hands of the public¹. At admission, an applicant must ensure that at least 25% of the total number of shares for which listing is sought are in the hands of 200 public shareholders holding not less than 100 shares each².
4. Notwithstanding the above, the Exchange may accept a lower public spread under the ACE LR provided that such lower percentage is sufficient for a liquid market. In this regard, the Exchange has accepted a lower public spread, ranging between 15% and 25%, taking into account the size or market capitalisation of an applicant or listed corporation, and other subjective requirements.

¹ Rule 8.02(1) of the ACE LR.

² Rule 3.10(1) of the ACE LR.

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5. The Exchange has undertaken a review of the public spread requirements under the ACE LR with the aims to enhance transparency and provide regulatory clarity and certainty on the policy and requirements pertaining to lower public spread in the ACE LR.
6. In this connection, the Exchange has amended the ACE LR to codify, among others, the policy considerations (including the quantitative and qualitative criteria to be met) for the acceptance of a lower public spread.
7. In finalising the Public Spread Amendments, the Exchange has considered various feedback and comments received in response to the public consultation paper issued on 23 July 2020, as well as the benchmarked exchanges' practices and requirements relating to public spread.

(C) KEY PUBLIC SPREAD AMENDMENTS

8. The key Public Spread Amendments are as follows:
 - (a) prescribing the following quantitative and qualitative criteria which the Exchange will consider in an application for a lower public spread, to provide transparency and ensure a balanced assessment of the application:
 - (i) the size and level of liquidity of an applicant or listed corporation through the following market capitalisation criteria:

Market Capitalisation ³	Acceptable Minimum Lower Public Spread
RM1 billion or more but less than RM3 billion	20%
RM3 billion or more	15%
 - (ii) the appropriateness and rationale of the application through the following qualitative criteria:
 - (aa) there is sufficient liquid market in the shares;
 - (bb) there is orderly and fair trading in the listed shares;

³ If the application for lower public spread is made prior to admission, the market capitalisation is to be based on the expected market capitalisation of the applicant as at the date of the listing application. If the application is made post-listing, the market capitalisation is the average market capitalisation calculated based on the daily closing price of the listed corporation's shares during the 12-month period preceding the application to the Exchange.

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- (cc) the applicant or listed corporation and its directors have satisfactory corporate governance conduct and compliance record with the ACE LR and securities laws; and
 - (dd) there is reasonable justification necessitating the lower public spread for the applicant or listed corporation.
- (b) requiring immediate notification of the following decreases to ensure that the Exchange is kept apprised of changes which may warrant a further review of the lower public spread granted:
- (i) any decrease in its issued share capital;
 - (ii) any decrease in the percentage of the public spread below the percentage approved by the Exchange; and
 - (iii) any decrease of the listed corporation's average market capitalisation for the preceding 12 months to below the prescribed threshold as set out in subparagraph (a)(i) above.
- (c) codifying the Exchange's right to review the lower public spread granted earlier to ensure the flexibility accorded does not compromise the maintenance of an orderly and fair market.

(D) FULL TEXT OF THE PUBLIC SPREAD AMENDMENTS

9. The full text of the Public Spread Amendments is attached in Appendix 1. For ease of reference, the amendments are reflected in the following manner:
- (a) portions underlined are text newly inserted / added onto the existing rules; and
 - (b) portions struck through are text deleted.

(E) IMPLEMENTATION

10. The Public Spread Amendments are effective from **1 March 2021** onwards.
11. The listed corporations which have been granted a lower public spread prior to the Public Spread Amendments ("**these approved listed corporations**") may continue to comply with the earlier approved lower public spread granted by the Exchange. However, these approved listed corporations are strongly encouraged to use their best endeavours to comply with the 25% public spread.

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(F) ADDITIONAL INFORMATION

12. In addition, we have also provided “Questions and Answers” as set out in Appendix 2 to facilitate a listed corporation’s better understanding of, and compliance with the Public Spread Amendments. The Questions and Answers also aimed at providing clarifications to some of the operational issues raised by the industry and listed corporations during our public consultation.
13. This letter together with Appendices 1 and 2 above are also available at Bursa Malaysia Berhad’s website at https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/amendments_to_listing_requirements.
14. In the meantime, if you have any queries on the Public Spread Amendments above, please contact the Listing Advisory & Development, Listing Division at 03-2034 7766.

Thank you.

Yours faithfully,

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Encls. (2)