

Our Ref: JH/TAC/RO/FZ(jk)/LD17/21 [ACE One-Stop Centre]

20 December 2021

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS RELATING TO ACE MARKET ONE-STOP CENTRE

(A) INTRODUCTION

1. Pursuant to section 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), Bursa Malaysia Securities Berhad (“**the Exchange**”) has amended the ACE Market Listing Requirements (“**ACE LR**”) to, among others, facilitate the Exchange as the one-stop centre for all approvals in relation to ACE Market initial public offerings (“**IPO**”) and prospectus registration (“**ACE One-Stop Centre Amendments**”).

(B) BACKGROUND

2. Cognisant of the importance to continue enhancing the attractiveness and competitiveness of the Malaysian capital market as a listing and investment venue, the Securities Commission Malaysia (“**SC**”) and the Exchange had embarked on a holistic review of the existing regulatory framework governing initial public offerings (“**IPOs**”) in Malaysia.
3. This review entails the migration of the entire ACE Market framework to the Exchange, with the Exchange becoming a one-stop centre for all approvals in relation to ACE Market IPOs and prospectus registration, for greater market efficiency and efficacy.
4. Accordingly, the SC had amended the Capital Markets and Services Act 2007 (“**CMSA**”), through changes made under Part III of Schedules 6 and 7 of the CMSA, to enable the Exchange to assume the ACE Market prospectus review and registration functions from the SC, effective 1 January 2022.

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5. In finalising the ACE One-Stop Centre Amendments, we have considered various feedback and comments received in response to the public consultation paper issued on 3 August 2021, and reviewed our proposals accordingly.

(C) OBJECTIVES OF THE ACE ONE-STOP CENTRE AMENDMENTS

6. The ACE One-Stop Centre Amendments, among others, seek to achieve the following:
- (a) provide greater market efficiency and efficacy through the enhanced regulatory framework, with the Exchange as the single approving authority for admission to the ACE Market;
 - (b) ensure parity and consistency in the regulatory approach between the Main Market and ACE Market, through streamlined IPO/RTO processes, prospectus disclosure requirements, conduct of advisers and enforcement framework, where appropriate, to avoid any regulatory arbitrage;
 - (c) uphold investor protection through adequate and quality disclosures in an ACE Market IPO application and prospectus, as well as enhanced enforcement regime under the ACE LR;
 - (d) ensure a more effective and value-added sponsorship regime on the ACE Market, with quality and responsible Sponsors and officers; and
 - (e) ensure clarity and consistency in the ACE LR.

(D) ACE ONE-STOP CENTRE AMENDMENTS

7. The key ACE One-Stop Centre Amendments are as follows:

7.1 Streamlined Regulatory Approach in relation to the IPO and Prospectus Registration Process and Requirements

Mandatory pre-admission consultation

- (a) Requiring a Sponsor to consult the Exchange first before submitting an ACE Market IPO application, preceded by submission of prescribed documents or information (“**pre-admission consultation pack**”) to the Exchange prior to the consultation.

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- (b) Requiring such consultation to be done with the applicant together with other key advisors, after the due diligence on the applicant has been substantially completed by the Sponsor.

Key milestones for submission of pre-admission consultation pack and listing application

- (c) Requiring the following to be submitted or re-submitted to the Exchange:
 - (i) submission of the pre-admission consultation pack must be at least 1 month prior to the IPO application;
 - (ii) submission of a new pre-admission consultation pack if the IPO application has not been filed with the Exchange within 3 months from the date of submission of the pre-admission consultation pack; and
 - (iii) resubmission of a new IPO application in respect of any IPO application which has not been approved within 6 months.

Investor interest as one of the key focus areas for admission

- (d) Requiring a Sponsor to consider whether the admission of the applicant to the ACE Market is detrimental to the interest of investors, in addition to the existing key factors¹.

Optional independent market research report

- (e) Allowing an applicant to decide if it should include an independent market research report, in its IPO application and prospectus.

Prospectus requirements for ACE Market IPOs

- (f) Prescribing the requirements relating to an ACE Market prospectus in the ACE LR which are similar to those applicable for the Main Market under the CMSA and SC's Prospectus Guidelines such as the requirement to register the prospectus with the Exchange and contents of prospectus².

¹ The existing key factors are set out in Rule 4.07(2) and Guidance Note 18 and include the prospect of the applicant, its corporate governance record, any conflict of interest issue, as well that the admission of the applicant does not undermine public interest.

² Other requirements include, among others, circumstances where the Exchange may refuse to register a prospectus, restrictions and requirements relating to advertising, requirements relating to electronic prospectus and application, circumstances for issuance of supplementary or replacement

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- (g) Clarifying that a prospectus issued by an applicant under the ACE LR is a prospectus under the CMSA in so far as it relates to the liability of the applicant or its agent for any statement or information made in the prospectus.

Regulatory and enforcement ambit in an IPO application and prospectus

- (h) Ensuring all parties involved in the preparation of a pre-admission consultation pack, ACE Market IPO application and prospectus, are responsible for ensuring that the said documents are clear, unambiguous and accurate, does not contain any material omission, and not false or misleading. Such parties include the applicant's promoters³ and chief executive officer, in addition to the applicant, its directors, Sponsor and advisers.
- (i) Extending the regulatory and enforcement ambit under the ACE LR to the promoter and chief executive officer.

Moratorium on listed shares held by pre-IPO investors

- (j) Imposing a moratorium on the entire shareholdings of a pre-IPO investor who is not a specified shareholder⁴, for a period of 6 months from the date of admission to the Official List if such investor has acquired the shares of the applicant -
 - (i) within 12 months from the date of submission of the listing application to the Exchange; and
 - (ii) at a price lower than the issue price offered to the general public in conjunction with the IPO.

Completion of the Mandatory Accreditation Programme ("MAP") by applicant's directors prior to listing

- (k) Requiring directors of applicants to complete the MAP prior to listing on the ACE Market.

prospectus, effect of registration of supplementary or replacement prospectus to a person subscribing for securities, and requirement for registration of abridged prospectus for rights issue.

³ The definition of "promoter" under the Capital Markets and Services Act 2007 is adopted for this purpose under the ACE LR.

⁴ This is a term introduced for purposes of moratorium and means a controlling shareholder, a person connected to a controlling shareholder, and an executive director who is a substantial shareholder, of the applicant or listed corporation, or any other person as specified by the Exchange.

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7.2 Enhanced Sponsorship Framework To Improve Quality Submissions and Disclosures

- (a) Liberalising the eligibility requirements of a Sponsor/Adviser in line with the recognised principal adviser framework for the Main Market.
- (b) Strengthening the role and duty of care of a Sponsor/Adviser by -
 - (i) requiring the Sponsor/Adviser to act honestly, fairly and efficiently, maintain the integrity of the market, as well as maintain and safeguard the confidentiality of records and information; and
 - (ii) prescribing that a Sponsor/ Adviser is primarily responsible for Specific Proposal⁵ and any listing application for new issue of securities submitted to the Exchange.
- (c) Enhancing the accountability of a Sponsor/Adviser and its key officers, namely Senior Officer (“SO”) and Qualified Person (“QP”) involved in submitting Specific Proposals to the Exchange by subjecting such proposals to greater supervision and oversight of the Sponsor/Adviser and its SO and QP.
- (d) Removing the prescription on how due diligence is to be conducted and instead empowering the Sponsor/Adviser and other relevant parties to undertake their due diligence exercise in accordance with industry best practices.
- (e) Requiring the Sponsor/Adviser and other relevant parties to make due and careful enquiries and comply with the equivalent obligations and standards imposed under SC’s Guidelines on Submission of Corporate and Capital Market Product Proposals (“Submission Guidelines”).
- (f) Expanding the enforcement framework over the QP and SO.

⁵ The following are classified as Specific Proposals under the ACE LR:

- (a) an ACE Market IPO application;
- (b) registration of prospectus with the Exchange in relation to an ACE Market IPO;
- (c) an ACE Market RTO; and
- (d) a Major Disposal under Rule 10.02(eA) of the ACE LR.

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7.3 Improved Clarity and Certainty of ACE LR

In addition to the above, the following amendments are made to the ACE LR to provide greater clarity and certainty:

- (a) clarifying that an independent adviser for a Major Disposal and voluntary withdrawal of listing must be a person who is appropriate to give competent independent advice under the Malaysian Code on Take-Overs and Mergers 2016 read together with the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("**Take-Overs and Mergers Code**");
- (b) empowering the Exchange to return any listing or quotation applications submitted to the Exchange which quality is deemed unsatisfactory or does not comply with the ACE LR;
- (c) clarifying that the Exchange is not precluded from taking enforcement actions for breaches under the ACE LR if the Exchange returns or rejects any applications; and
- (d) enhancing the undertakings template by advisers, valuers, applicants/listed corporations and their directors or key officers to **irrevocably and unconditionally** comply with the ACE LR in so far as applicable to them at various stages i.e. upon submission of the pre-admission consultation pack or upon approval for listing on the ACE Market.

(E) FULL TEXT OF THE ACE ONE-STOP CENTRE AMENDMENTS

8. The full text of the ACE LR (with the ACE One-Stop Centre Amendments duly tracked) is attached as Appendix 1. The ACE One-Stop Centre 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.

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(F) IMPLEMENTATION

9. The ACE One Stop Centre Amendments will be effective from 1 January 2022 onwards.
10. The SC will continue to register ACE Market prospectuses that have been submitted to the SC prior to 1 January 2022.
11. Notwithstanding the foregoing, an applicant and its Sponsor which intended to submit its prospectus in December 2021 in order to meet -
 - (a) the 6-month period under paragraph 9.05 of Division 1 (Equity) of Part II (Contents of Prospectus) of the Prospectus Guidelines⁶, is granted a grace period until 14 January 2022 to submit its prospectus to the Exchange for Stage 1 prospectus registration, without having to provide its audited interim financial report and disclose the selected financial information, as if the submission was made in December 2021; and
 - (b) the 9-month period under paragraph 4 of Guidance to Chapter 1 of Part III (Prospectus Registration)⁷ of the Prospectus Guidelines, is granted a grace period until 14 January 2022 to submit its prospectus together

⁶ Paragraph 9.05 of Division 1 (Equity) of Part II (Contents of Prospectus) of the Prospectus Guidelines provides for the following:

"The date of the prospectus issuance must not be later than six months after the end of the most recent financial year. If the date of the prospectus issuance is later than six months after the end of the most recent financial year, audited interim financial report must be provided and the selected financial information must be disclosed".

⁷ Paragraph 4 of Guidance to Chapter 1 of Part III (Prospectus Registration) of the Prospectus Guidelines provides for the following:

"Where a copy of the audited interim financial report is not available -

- (a) *the submission of the prospectus for registration (Stage 1) to the SC should not be later than nine months after the end of the most recent financial year referred to in the prospectus; and*
- (b) *where the prospectus for registration (Stage 1) is submitted to the SC more than six months after the end of the most recent financial year referred to in the prospectus,*
 - (i) *a copy of the unaudited interim financial report with the relevant management's discussion and analysis should be submitted to the SC; and*
 - (ii) *the end of the interim period should be within three months prior to the submission of prospectus to the SC."*

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with a copy of the unaudited interim financial report containing the relevant management's discussion and analysis to the Exchange for Stage 1 prospectus registration instead of having to provide its audited interim financial report, as if the submission was made in December 2021.

12. An Applicant which had undertaken the voluntary pre-admission consultation with the Exchange in December 2021, may submit its initial listing application in January 2022 so long as the documents and information required by the Exchange for the voluntary pre-admission consultation has been submitted to the Exchange at least 1 month prior to the submission of the initial listing application. If the initial listing application is made in February 2022 onwards, the applicant must comply with the amended ACE LR including the requirement to undertake mandatory pre-admission consultation under the new Rule 4.06A of the ACE LR.

(G) **ADDITIONAL INFORMATION**

13. In addition, we have also provided "Questions and Answers" as set out in **Appendix 2** to facilitate better understanding of, and compliance with the ACE One-Stop Centre Amendments.
14. This letter and all the above documents are also available at Bursa Malaysia Berhad's website at:
https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/amendments_to_listing_requirements
15. If you have any queries on the above, please do not hesitate to contact our team from Listing Advisory & Development, Listing Division at 03-2034 7766 or submit your enquiry via <https://asklisting.bursamalaysia.com>.

Thank you.

Yours faithfully,



REGULATION

Encls. (2)