

Our Ref: RPA/JH/TAC/RO(nca)/LD12/23 [COI & Others]

26 May 2023

ACE Market Listed Corporations

Via email

Dear Sir/Madam,

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS (“ACE LR”) IN RELATION TO CONFLICT OF INTEREST AND OTHER AREAS

(A) INTRODUCTION

1. Pursuant to section 9 of the Capital Markets and Services Act 2007, Bursa Malaysia Securities Berhad (“the Exchange”) has amended the ACE LR in relation to conflict of interest and other areas (“COI & Other Amendments”).

(B) BACKGROUND

2. The COI & Other Amendments were made as part of the Exchange’s on-going efforts to ensure that the ACE LR remains fit for purpose. In this review, we have focused on enhancing the ACE LR to address issues associated with conflict of interest (“COI”) involving directors and key senior management with the listed corporation and its subsidiaries. We have also improved clarity and simplified the ACE LR in a few areas.
3. In finalising the COI & Other Amendments, the Exchange has considered various feedback and comments received including those received in response to the public consultation paper issued on 30 November 2021.

(C) KEY COI & OTHER AMENDMENTS

4. The key COI & Other Amendments are as follows:

4.1 COI Amendments

- (a) enhancing the existing COI disclosures of a key person¹ of a listed corporation in immediate announcements to the Exchange, annual reports and statement accompanying notices of annual general meetings, by requiring disclosure on the nature and extent of any COI or potential COI, including interest in any competing business, that the key person has with the listed corporation or its subsidiaries;

¹ This refers to a director, key senior management and legal representative of a listed corporation.

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- (b) expanding the scope of the audit committee (“AC”)’s review of COI situations to include those that arose or persist (in addition to those that may arise) and the measures taken to resolve, eliminate, or mitigate the COI; and
- (c) requiring the AC to disclose a summary of any COI or potential COI situation within the listed corporation or group that it has reviewed (excluding a related party transaction (“RPT”)), and the measures taken to resolve, eliminate, or mitigate such conflicts, in its AC report; and

4.2 Other Amendments

- (a) exempting insurance coverage and indemnity for directors as permitted under the Companies Act 2016 from the RPT requirements;
- (b) clarifying that a listed corporation must still comply with the relevant transaction requirements, in an exempted RPT of its subsidiary that triggers the percentage ratio of 25% or more, which does not involve the interest of any related party of the listed corporation or the listed corporation’s holding company;
- (c) requiring disclosure of email address of the registered office and office where the register of securities is kept (collectively the “said offices”), and disclosure of facsimile number of the said offices only if available, in annual reports; and
- (d) making other amendments to provide greater clarity and formalise existing practices such as clarifying that -
 - (i) an issue of securities by a listed corporation’s subsidiary which will result in a reduction of the listed corporation’s equity interest in such subsidiary, is a disposal of asset; and
 - (ii) in computing the percentage ratio of any transaction entered into by a subsidiary, the consideration for the transaction is the entire amount of consideration paid or received, and not the listed corporation’s proportionate interest in such consideration.

5. The COI & Other Amendments, among others, seek to achieve the following:

- (a) promoting greater transparency on COI of key persons in a listed corporation and strengthening accountability and transparency of the AC in its oversight over COI situations; and
- (b) enhancing the ACE LR in other areas to address issues or gaps in the market and ensure the ACE LR remains balanced, clear, relevant and updated.

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(D) FULL TEXT OF THE AMENDMENTS

6. The full text of the COI & Other Amendments set out above is attached as Appendix 1. For ease of reference, the amendments are reflected in the following manner:
- (a) portions underlined are text newly inserted/added into the existing rules; and
 - (b) portions struck through are text deleted.

(E) IMPLEMENTATION

7. The COI & Other Amendments take effect on the implementation dates as set out in the table below:

No.	Amendments	Implementation Dates
(a)	All amendments to the ACE LR (except for those mentioned specifically under items (b), (c) and (d) of this table below)	Effective immediately.
(b)	Enhancements to existing COI disclosures of a key person in - <ul style="list-style-type: none"> • immediate announcements to the Exchange; and <i>[Paragraph (e) in Parts A and B, paragraph (d) in Part B(A), and paragraph (e) in Part B(B), of Appendix 9A of the ACE LR]</i> • statement accompanying notices of annual general meetings <i>[Paragraph 1(f) in Appendix 8A of the ACE LR]</i> 	1 July 2023 onwards.
(c)	Expanded role of the AC to review COI situations that arose or persist (in addition to those that may arise) and the measures taken to resolve, eliminate, or mitigate the COI <i>[Rule 15.12(1)(h) of the ACE LR]</i>	

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No.	Amendments	Implementation Dates
(d)	<p>Enhancements to the contents of annual reports:</p> <ul style="list-style-type: none"> enhanced COI disclosures of a key person <i>[Paragraphs 3(g), 4(g), and 4A(f) in Part A of Appendix 9C of the ACE LR]</i> enhanced AC report with disclosure on a summary of any COI or potential COI situation within the listed corporation or group that the AC has reviewed (excluding a RPT), and the measures taken to resolve, eliminate, or mitigate such conflicts <i>[Rule 15.15(3)(f) of the ACE LR]</i> 	<p>Annual reports issued for financial years ending on or after 30 June 2024.</p>

(F) ADDITIONAL INFORMATION

8. In addition, we have also provided the following to facilitate a listed corporation's better understanding of, and compliance with the COI & Other Amendments:
- Issuers Communication Note No. 1/2023 - Guidance on Conflict of Interest which sets out some key considerations in determining situations of COI, potential COI and interest in competing business, as well as examples and illustrations, for purposes of the enhanced COI requirements in the ACE LR, enclosed as **Appendix 2²**; and
 - "Questions and Answers" enclosed as **Appendix 3**.
9. This letter as well as Appendices 1, 2 and 3 are also available on Bursa Malaysia Berhad's website at:
- https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/amendments_to_listing_requirements.

² The Issuers Communication Note No. 1/2023 - Guidance on Conflict of Interest is also available at https://www.bursamalaysia.com/regulation/communication_notes_guides.

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10. If you have any queries on the above, please do not hesitate to contact Listing Advisory & Development, Listing Division at 03-2034 7766 or submit your enquiry via <https://asklisting.bursamalaysia.com>.

Thank you.

Yours faithfully,



REGULATION

Encls. (3)