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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS  
(As at 1 January 2022)**

**CHAPTER 5 – FOREIGN LISTING**

***General***

**5.1** *X Ltd* is a corporation incorporated outside Malaysia. It intends to seek a listing on the ACE Market.

**(a)** Can *X Ltd* seek a primary listing on the ACE Market?

Yes, *X Ltd* can seek a primary listing on the ACE Market.

**(b)** If *X Ltd* has a primary listing on another stock exchange, can it seek a secondary listing on the ACE Market?

No, it cannot. *X Ltd* is not allowed to seek a secondary listing on the ACE Market. Secondary listing of a foreign corporation is only allowed on the Main Market.

***Admission criteria***

**5.2** Based on the same facts as in Question 5.1 above, what are the criteria to be fulfilled by *X Ltd* if it intends to have a primary listing on the ACE Market?

*X Ltd* must –

- (a) apply for a listing on the ACE Market through a Sponsor. The Sponsor must be one from the Register of Sponsors for the ACE Market;
- (b) be incorporated in a jurisdiction where the corporation laws are at least equivalent to those in Malaysia particularly on corporate governance, shareholders' and minority interest protection and take-overs and mergers;
- (c) be registered as a foreign corporation under the Companies Act 1965;
- (d) have a majority of directors whose principal or only place of residence is within Malaysia if its operations are predominantly Malaysian-based, or at least 2 independent directors whose principal or only place of residence is within Malaysia if its operations are predominantly foreign-based;
- (e) ensure that the audit committee has at least 1 independent director whose principal or only place of residence is within Malaysia;
- (f) appoint an external auditor from an international accounting firm or an accounting firm with international affiliation, which is duly registered or recognised by the Audit Oversight Board pursuant to section 31O of the Securities Commission Act 1993;
- (g) appoint an agent or representative in Malaysia to liaise with Bursa Securities;
- (h) establish a share transfer or share registration office in Malaysia;

- (i) prepare its financial statements in accordance with approved accounting standards (which include International Accounting Standards) and for this purpose, provide Bursa Securities with a confirmation from a professional accountant qualified under the Accountants Act 1967 and from an international accounting firm, that the financial statements comply with the said approved accounting standards; and
- (j) ensure that the auditing standards applied are in accordance with approved auditing standards applied in Malaysia or the International Standards on Auditing.

**5.3 If the jurisdiction in which the foreign corporation is incorporated does not have corporation laws equivalent to the standard of law in Malaysia, does this mean that the foreign corporation is unable to fulfil the entry criteria stipulated in Rule 5.03 of the ACE LR?**

If the standards required under Rule 5.03(1) of the ACE LR can be provided by means of varying the foreign corporation's constituent document, then Bursa Securities may still consider approving the listing of the foreign corporation. In this regard, the foreign corporation must ensure that its constituent documents are varied to be in line with the standards required. For this purpose, the foreign corporation must, in addition to the listing application, submit to Bursa Securities, a comparison of the laws and regulations of its jurisdiction and those provided in Malaysia together with the proposed variations in its constituent documents.

***External auditors of an applicant – accounting firms with international affiliation***

**5.3A Rule 5.11(a) of the ACE LR requires an applicant<sup>1</sup> to appoint an external auditor from an international accounting firm or an accounting firm with international affiliation. What are the criteria which the applicant should consider in determining whether an accounting firm has “international affiliation”?**

In determining whether an accounting firm is affiliated with an international firm, the applicant may consider whether the accounting firm -

- is associated with an international firm;
- pays royalties or annual fees to the international firm;
- has shared services with the international firm such as the accounting firm may deploy services of the international firm for its overseas clients; and
- is able to provide all relevant accounting and auditing services akin to an international auditing firm.

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<sup>1</sup> An “**applicant**” is defined in Rule 5.01(2) of the ACE LR to mean a foreign corporation seeking a primary listing on the ACE Market.

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**Admission processes & procedures****5.4 What are the admission procedures that a foreign corporation must comply with for this purpose?**

The foreign corporation must comply with the admission processes and procedures as set out in paragraph 2.0 of Guidance Note 15. In this regard, the foreign corporation must submit to Bursa Securities –

- (a) a listing application (in a template as set out in Part A of Annexure GN15-A of Guidance Note 15);
- (b) a registrable prospectus (which complies with the requirements under Rule 6.18B); and
- (c) all the requisite documents and/or confirmations required for quotation of the shares and registration of prospectus, including the supporting documents specified in Parts B and C of Annexure GN15-A of Guidance Note 15 and Annexure GN16-A of Guidance Note 16.

**5.5 Are all the directors, promoters and chief executive of a foreign corporation seeking primary listing on the ACE Market required to provide Bursa Securities with the undertakings set out in Annexure GN15-C and Annexure GN15-D of Guidance Note 15?**

Yes, the foreign corporation must enclose and submit all its directors', promoters' and chief executive's undertakings in the format as prescribed in Annexure GN15-C and Annexure GN15-D of Guidance Note 15 to Bursa Securities, together with its application for listing.

**Continuing obligations of a listed corporation****5.6 Based on the same facts as in Question 5.1 above, in the event *X Ltd* has a primary listing on the ACE Market, are the continuing listing obligations imposed on *X Ltd* the same compared with those imposed on other Malaysian listed corporations under the ACE LR?**

Yes, once *X Ltd* is listed on the ACE Market, *X Ltd* is required to comply with all the other relevant requirements under the ACE LR. However, *X Ltd* must also comply with some additional requirements imposed under Part C of Chapter 5 in the ACE LR such as the obligations to –

- (a) have directors or independent directors with place of residence in Malaysia;
- (b) ensure that the audit committee has at least 1 independent director with a place of residence in Malaysia;
- (c) appoint an external auditor from an international accounting firm or an accounting firm with international affiliation, which is duly registered or recognised by the Audit Oversight Board pursuant to section 31O of the Securities Commission Act 1993;
- (d) comply with relevant accounting and auditing standards;

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- (e) obtain prior shareholder approval in a general meeting to appoint or remove its external auditor;
  - (f) distribute notices, documents or information which it is required to distribute in its place of incorporation, to its Malaysian shareholders;
  - (g) announce to Bursa Securities any change in interest(s) of its substantial shareholders;
  - (h) prepare financial statements in accordance with approved accounting standards;
  - (i) immediately notify Bursa Securities of any suspension in trading or de-listing of its securities listed on other stock exchange(s);
  - (j) immediately announce to Bursa Securities any change in the laws of its country of incorporation or the laws in the country of incorporation of its foreign principal subsidiaries, which may affect the rights of shareholders; and
  - (k) ensure that it has in place a system of internal control.