



**CONSULTATION PAPER NO. 2/2022  
PROPOSED AMENDMENTS TO THE ACE MARKET LISTING REQUIREMENTS  
IN RELATION TO THE TRANSFER OF LISTING FRAMEWORK FROM LEAP MARKET  
AND RECOGNISED APPROVED ADVISER FRAMEWORK**

Date of Issue: 10 August 2022

Bursa Malaysia Berhad (“Bursa Malaysia”) invites your written comments on the issues set out in this Consultation Paper by 21 September 2022 (Wednesday) via:

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Respondents to this Consultation Paper are requested to use the reply format as stipulated in the Attachment.

If you have any queries in relation to this Consultation Paper, kindly contact us at the e-mail address above.

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## A. INTRODUCTION

1. This Consultation Paper seeks views and comments from the public on the proposed amendments to the Bursa Malaysia Securities Berhad (“the Exchange”) ACE Market Listing Requirements (“ACE LR”) in relation to the transfer of listing framework from LEAP Market to the ACE Market, and a recognised approved adviser framework for eligible LEAP Market Approved Advisers to be replacement Sponsors in the ACE Market.

## B. BACKGROUND

2. The Leading Entrepreneur Accelerator Platform (“LEAP”) Market was launched on 25 July 2017 by the Exchange with the aim of providing emerging companies, including small and medium-sized enterprises (“SMEs”) with greater fund-raising access and visibility via the capital market.
3. The LEAP Market is a qualified market which is only accessible to sophisticated investors as specified in Part I of Schedules 6 and 7 of the Capital Market Services Act 2007 (“CMSA”). They include, among others, accredited investors<sup>1</sup>, high net-worth entities<sup>2</sup> and high net-worth individuals<sup>3</sup>. Accordingly, it is subjected to a more proportionate and principle-based regulation approach which is appropriate for a qualified market where the participation is limited to sophisticated investors. The requirements in the LEAP Market Listing Requirements (“LEAP LR”) are far less extensive, compared to the Main Market<sup>4</sup> and ACE Market<sup>5</sup>.

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<sup>1</sup> Accredited investors include (among others) unit trust schemes, private retirement scheme, prescribed investment scheme, Bank Negara Malaysia, a person licensed or registered under the CMSA, a stock exchange, a derivatives exchange, an approved clearing house, a central depository, and a recognized market operator.

<sup>2</sup> High-net worth entities include (among others) entities with assets under management or total net assets exceeding RM10 million (or its equivalent in foreign currencies), a statutory body and approved pension fund.

<sup>3</sup> High net-worth individuals are individuals -

- (a) whose total net personal assets, or total net joint assets with his or her spouse, exceeding RM3 million or its equivalent in foreign currencies, excluding the value of the individual’s primary residence;
- (b) who has a gross annual income exceeding RM300,000.00 or its equivalent in foreign currencies in the preceding 12 months;
- (c) who jointly with his or her spouse, has a gross annual income exceeding RM400,000.00 or its equivalent in foreign currencies in the preceding 12 months; or
- (d) whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse, in any capital market products exceeding RM1 million or its equivalent in foreign currencies.

<sup>4</sup> Main Market is a prime market for listing of established or sizeable corporations as well as other listed products, and it is accessible to public and retail investors.

<sup>5</sup> ACE Market is a sponsor-driven regime aimed at corporations with good business prospects, and it is accessible to public and retail investors.

4. The LEAP Market is also an adviser driven market which operates under a disclosure-based regime. This means that the assessment and evaluation of the suitability of a LEAP Market applicant are undertaken by an Approved Adviser<sup>6</sup>. The Approved Adviser which submitted the application for admission must act as a Continuing Adviser<sup>7</sup> to the applicant for at least 1 full financial year following the applicant's admission. In addition, the applicant must also secure and maintain the services of a Continuing Adviser for at least 3 full financial years after its admission to the LEAP Market or at least 1 full financial year after the applicant has generated operating revenue, whichever is the later.
5. Since its inception until 31 July 2022, there have been 51 initial listings on the LEAP Market, raising approximately RM 252.55 million with a total market capitalisation of approximately RM2.46 billion.<sup>8</sup> The current market capitalisation of the entire LEAP Market stands at RM5.19 billion as of 31 July 2022 with 46 corporations listed on the LEAP Market.
6. Overall, the establishment of LEAP Market is well received by the market, as it provides greater access to capital and opportunity for SMEs, and increases their visibility and profile through the listing status and continuous disclosure to the market. It is also seen as a good support and development of the SME industry, in line with the Government's agenda. In addition, the LEAP Market promotes capacity building amongst professionals in the corporate finance fraternity.
7. The Exchange has been continuously working and developing initiatives to ensure that the country's capital market remains vibrant and competitive. This includes improving the vibrancy of the LEAP Market, as well as providing avenue and opportunity for LEAP Market listed corporations to further grow their organisations and enhancing their access to fundraising.
8. In this regard, the Exchange would like to facilitate eligible LEAP Market listed corporations to access a bigger pool of investors to meet their funding needs, by introducing a framework which allows eligible LEAP Market listed corporations to transfer its listing to the ACE Market ("**LEAP Transfer Framework**").
9. In addition, the Exchange is also proposing to promote capacity building amongst professionals in the corporate finance fraternity, by allowing eligible Approved Adviser to serve as a replacement Sponsor to guide an ACE Market listed corporation and its directors on their post listing obligations, and to ensure compliance with the ACE LR and other applicable laws ("**Recognised Approved Adviser Framework**").

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<sup>6</sup> Rule 1.01 of LEAP LR defines "**Approved Adviser**" to mean an Adviser authorised by the Exchange to carry out both the initial listing activities and post-listing activities on the LEAP Market. For this purpose, any person wishing to act as an Approved Adviser must satisfy the requirements in Rule 4.02(3) of the LEAP LR, among others being a corporate finance adviser licensed by the Securities Commission Malaysia, having at least 1 personnel licensed by the Securities Commission Malaysia to advise on corporate finance with relevant specified experience and having a satisfactory reputation and work record.

<sup>7</sup> Rule 1.01 of the LEAP LR defines "**Continuing Adviser**" to mean an Adviser authorised by the Exchange to carry out only post-listing activities on the LEAP Market. For this purpose, any person wishing to act as a Continuing Adviser must satisfy the requirements in Rule 4.02(5) of the LEAP LR, among others being a corporate finance adviser licensed by Securities Commission Malaysia and having a satisfactory reputation and work record.

<sup>8</sup> For more information on the corporations listed on LEAP Market, please refer to:  
[https://www.bursamalaysia.com/trade/trading\\_resources/listing\\_directory/leap\\_market](https://www.bursamalaysia.com/trade/trading_resources/listing_directory/leap_market)  
[https://www.bursamalaysia.com/listing/listing\\_resources/ipo/ipo\\_summary](https://www.bursamalaysia.com/listing/listing_resources/ipo/ipo_summary)

## C. STRUCTURE OF THE CONSULTATION PAPER

10. The proposed amendments to the ACE LR in respect of the proposed LEAP Transfer Framework and Recognised Approved Adviser Framework (“**Proposed Amendments**”) are discussed in greater detail in Part D of this Consultation Paper.
11. The full text of the Proposed Amendments to the ACE LR are provided in Annexure A and are reflected in the following manner:
  - (a) portions underlined are text newly inserted/added/replaced onto the existing rules; and
  - (b) portions struck through are text to be deleted.
12. The Exchange invites comments on the Proposed Amendments as discussed below. Comments can be given by filling up the template as attached in the Attachment.

Note:

*As the Proposed Amendments are open to comments and feedback from the public, the final amendments may be different from those stated in this Consultation Paper. Further, the Proposed Amendments HAVE NOT been approved by the Securities Commission Malaysia (“SC”) and as such are not the final amendments. The Exchange will submit the Proposed Amendments to the SC for approval after receipt of comments pursuant to this Consultation Paper and making the relevant changes, where appropriate, to the Proposed Amendments.*

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## D. DETAILS OF THE PROPOSED AMENDMENTS

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### PROPOSAL I INTRODUCING A FRAMEWORK FOR THE TRANSFER OF LISTING OF LEAP MARKET LISTED CORPORATIONS TO THE ACE MARKET

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13. Over the years since the launch of the LEAP Market, the Exchange has observed how most of LEAP Market listed corporations have, with the funds raised through their listings on the LEAP Market, grown in terms of size and profitability. These LEAP Market listed corporations are now ready to migrate to the ACE Market, which offers a more robust listing environment and potentially higher trading liquidity as compared to the LEAP Market.
14. In light of the above, the Exchange has undertaken a review to formalise the transfer of listing framework to guide an eligible LEAP Market listed corporation to migrate to the ACE Market. In doing so, the Exchange is guided by the following regulatory principles:
  - (a) There is no regulatory arbitrage nor compromise on quality. This means that a LEAP Market listed corporation seeking to transfer must be of quality and must be able to meet the suitability assessment of a Sponsor<sup>9</sup> for listing on the ACE Market.
  - (b) There must be adequate disclosure of the business, financial condition, management and other matters pertaining to the LEAP Market listed corporation for informed investment decision making by investors.
15. This is important given that the ACE Market and LEAP Market have very different regulatory regime. Since the ACE Market is accessible to public and retail investors, it is subject to greater regulatory and disclosure requirements. An applicant seeking admission to the ACE Market must apply for admission and listing through a Sponsor and comply with the relevant procedures and requirements as prescribed by the Exchange in the ACE LR. In assessing the suitability of the applicant, the Sponsor must undertake due and careful enquiries and consider all relevant matters, including the prospects of an applicant's business, the applicant's corporate governance record, whether the applicant has sufficient systems, procedures, policies, controls and resources to comply with these ACE LR, and whether the applicant has adequate internal control and risk management systems.<sup>10</sup>
16. The proposed LEAP Transfer Framework will only cater for a transfer of listing to the ACE Market at this juncture. The Exchange will continue to monitor the growth and development of LEAP Market listed corporations before recommending whether a transfer listing framework to the Main Market should be put in place as well.

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<sup>9</sup> A Sponsor must be a recognised principal adviser (i.e. an entity that fulfils the requirements set out in Chapter 7A of the SC's Licensing Handbook) which has at least 1 employee who fulfils the requirement of a qualified person under the SC's Licensing Handbook. The Sponsor must be registered on the Register of Sponsor maintained by the Exchange.

<sup>10</sup> As provided in Rule 4.07 of the ACE LR.

17. Premised on the above, the Exchange is proposing the following amendments to the ACE LR relating to the LEAP Transfer Framework and the associated requirements:

**17.1 Prescribing the eligibility requirements of a transfer listing applicant<sup>11</sup>**

- (a) The Exchange proposes that a LEAP Market listed corporation applying to transfer its listing to the ACE Market (“**transfer applicant**”) must -
  - (i) meet the requirements for listing on the ACE Market<sup>12</sup>;
  - (ii) have been listed for at least 2 years on the LEAP Market; and
  - (iii) have completed its business plan and fully utilised the proceeds raised in accordance with the purposes disclosed in the information memorandum issued pursuant to its listing on the LEAP Market, or such other purposes as may be varied and approved by its shareholders after its listing on the LEAP Market.
- (b) The above requirements aim to ensure that only a LEAP Market listed corporation which is ready and fulfils the admission criteria for the ACE Market, can apply for the transfer of its listing to the ACE Market. These requirements seek to ensure parity in the corporations seeking admission to the ACE Market.
- (c) Further, the requirement for a minimum listing period on the LEAP Market seeks to ensure that the transfer applicant has utilised the proceeds raised and implemented its business plan that was earmarked for its LEAP Market listing. Successful completion of the business plan and utilisation of proceeds as presented and approved in the context of the initial admission to the LEAP Market, would reflect the readiness of the transfer applicant to embark on its next stage of growth. In addition, this requirement would also accord sufficient time for the transfer applicant to familiarise itself in a regulated environment applicable to a listed corporation, before transferring to the ACE Market which entails much more regulatory and compliance requirements.

**17.2 Classifying a LEAP transfer application as a Specific Proposal under the ACE LR**

- (a) Given that an application for a transfer of listing from the LEAP Market to the ACE Market (“**transfer listing application**”) is a significant corporate proposal and akin to an initial listing on the ACE Market, we propose to classify such application as a “**Specific Proposal**”<sup>13</sup> under the ACE LR. This means that the

<sup>11</sup> New Rules 3A.02 and 3A.03 of the ACE LR.

<sup>12</sup> This includes, among others, requirements on suitability assessment, working capital, management continuity, composition of independent directors and audit committee, minimum shareholding spread, and minimum content of constitution.

<sup>13</sup> Rule 1.01 of the ACE LR defines “**Specific Proposal**” to refer to -  
 (a) an application for admission to the ACE Market;  
 (b) registration of prospectus (other than abridged prospectus) in relation to securities to be admitted to the ACE Market;  
 (c) a Major Disposal as defined in Rule 10.02(eA) of the ACE LR; or  
 (d) a corporate proposal or transaction which results in a significant change in the business direction or policy of the listed corporation (except where such corporate proposal or transaction is carried out in conjunction with a transfer of listing from the ACE Market to the Main Market).

transfer listing application will be subjected to greater supervision and oversight by a Sponsor and its key officers, to ensure quality of disclosures and that shareholder and investor interests are sufficiently safeguarded. This proposal is also streamlined with the SC's approach for the Main Market, where a transfer listing application from the ACE Market to the Main Market is prescribed as a Specific Proposal.

- (b) Accordingly, a transfer applicant must appoint a Sponsor to submit its transfer listing application to the Exchange.
- (c) Additionally, the Sponsor appointed for submission of the transfer listing application must comply with existing requirements pertaining to Specific Proposal such as being primarily responsible for the transfer listing application, assigning and identifying at least a Qualified Person<sup>14</sup> and Senior Officer<sup>15</sup> for the transfer listing application, and having clear and effective reporting lines.<sup>16</sup>
- (d) The Senior Officer and Qualified Person duly identified to supervise and manage the transfer listing must also observe the obligations stipulated in paragraphs 12.2<sup>17</sup> and 12.3<sup>18</sup> of Guidance Note 18 of the ACE LR respectively for Specific Proposals.

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<sup>14</sup> Rule 1.01 of ACE LR defines “**Qualified Person**” to mean the employee of the Sponsor who fulfils the requirements of a qualified person under the SC's Licensing Handbook.

<sup>15</sup> Rule 1.01 of ACE LR defines “**Senior Officer**” to mean an individual of higher authority or ranking than the Qualified Person, or a committee duly constituted, for the purpose of Rule 4.05A of the ACE LR.

<sup>16</sup> Rule 4.05A of the ACE LR.

<sup>17</sup> Paragraph 12.2 of the Guidance Note 18 of the ACE LR provides that a Senior Officer is responsible for the supervision and management of a Specific Proposal which includes:

- (a) allocating sufficient persons with appropriate levels of knowledge, skills and experience to each Specific Proposal taking into account the volume, size, complexity and nature of the Specific Proposal;
- (b) reviewing the performance of the Qualified Person and the team; and
- (c) deciding on or escalating critical matters in accordance with the policies and procedures of the Sponsor as set out in Rule 4.05A(1)(c) of the ACE LR.

<sup>18</sup> Paragraph 12.3 of the Guidance Note 18 of the ACE LR provides that a Qualified Person assigned to work on a Specific Proposal must among others -

- (a) be in charge of supervision of the team until implementation of the Specific Proposal or cessation of engagement;
- (b) determine the scope and extent of due diligence required for such Specific Proposal in its entirety;
- (c) identify key risks related to the Specific Proposal and undertake adequate measures to address the risks; and
- (d) be fully familiar and knowledgeable with key issues, deal promptly with all queries and concerns raised by the Exchange in relation to the Specific Proposal, and ensure responses to queries are complete and concerns raised are resolved in an effective manner.



### 17.3 Prescribing other requirements and procedures for the transfer of listing<sup>19</sup>

- (a) We propose that a transfer applicant must -
- (i) request for a withdrawal of listing from the LEAP Market in accordance with Rules 8.06 and 8.08 of the LEAP LR; and
  - (ii) comply with the relevant admission procedures and requirements as may be prescribed by the Exchange (which include the existing requirements for admission to the ACE Market as well as new requirements specific for the transfer of listing to the ACE Market).<sup>20</sup>

A summary of the key processes of the proposed LEAP Transfer Framework is set out in the diagram in Annexure B of this Consultation Paper.

- (b) In particular, we propose the following:
- (i) requiring the Sponsor to consult the Exchange before submitting the transfer listing application. The pre-admission consultation prior to submission must be done only after the necessary due diligence has been substantially completed, and together with the transfer applicant and other key advisers as may be specified by the Exchange (which may include the transfer applicant's financial adviser, legal adviser, reporting accountant and valuer). The Sponsor must also furnish to the Exchange the documents and information as may be specified by the Exchange for purposes of the consultation;<sup>21</sup>
  - (ii) requiring the transfer applicant to comply with the requirements relating to registration of prospectus and contents of prospectus, as currently applicable for an admission to the ACE Market;<sup>22</sup>
  - (iii) enhancing and expanding the existing procedures, listing application form, and supporting documents (e.g. confirmations and undertakings) relating to an admission of securities to the ACE Market, to facilitate the transfer of listing;<sup>23</sup> and
  - (iv) prescribing specific obligations to announce and seek shareholders' approval for the transfer of listing proposal including prescribing the contents of announcement and circular to shareholders.<sup>24</sup>

<sup>19</sup> New Rules 3A.02, 3A.03 and 3A.05; paragraph 1.02(a), paragraphs 2, 4 and 7 of Part A of Annexure GN15-A, Annexures GN15-B, C and D, of Guidance Note 15; and new Guidance Note 15A; of the ACE LR.

<sup>20</sup> Guidance Note 15 and new Guidance Note 15A; of the ACE LR.

<sup>21</sup> Paragraph 2.1(d) of new Guidance Note 15A of the ACE LR.

<sup>22</sup> New Rule 3A.05; paragraphs 2.1(e), (h) and (i) of new Guidance Note 15A; Part C of Annexure GN 15-A, of the ACE LR.

<sup>23</sup> Paragraphs 3 and 4 of new Guidance Note 15A, paragraphs 2, 4 and 7 of Part A of Annexure GN 15-A, Annexures GN15-B, C and D of the ACE LR.

<sup>24</sup> Paragraphs 2.1(a) and (b) of new Guidance Note 15A; and new Annexure GN15A-A, of the ACE LR.

- (c) The above requirements are proposed to provide clarity on the relevant requirements, process and procedures which a transfer applicant and its Sponsor must comply with as well as ensuring quality submissions to the Exchange and disclosures to investors.
- (d) In addition, the proposed amendments specified for the LEAP Transfer Framework also seek to address the following:
  - (i) Since the LEAP Market and ACE Market have different regulatory regimes meant for different groups of investors as mentioned under paragraph 15 above, the requirement for withdrawal of listing and exit offer (if applicable) would allow opportunity for the sophisticated investors to exit from LEAP Market in a fair and reasonable manner if they do not wish to continue participating in the ACE Market pursuant to the transfer listing. The Exchange will consider the application for withdrawal and transfer of listing holistically to ensure a seamless implementation of the transfer.
  - (ii) The requirement of a pre-admission consultation with the Exchange enables the Sponsor to highlight and discuss all material issues and concerns in relation to the transfer of listing proposal together with solutions to address these issues and concerns, prior to the submission of the transfer listing application.
  - (iii) The proposed imposition of the existing requirements and procedures for admission to the ACE Market as part of the proposed LEAP Transfer Framework aims to ensure parity in the quality of corporations admitted to the ACE Market. Particularly, requiring full compliance with the prospectus requirements is important to provide sufficient information and adequate disclosures to ACE Market investors which include public and retail investors, beyond the sophisticated investors allowed for the LEAP Market. Whilst there is prior information disclosed about the transfer applicant in the information memorandum issued during its initial listing on the LEAP Market, such disclosures are generally less prescriptive and catered for sophisticated investors who are regarded as having higher investment risk tolerance and better knowledge on the potential risk and return of a market. Hence, a higher standard of disclosure pursuant to the prospectus requirements are crucial for the potential ACE Market investors to make informed investment decisions in relation to the transfer applicant.

#### **17.4 Prescribing requirements relating to price discovery mechanism<sup>25</sup>**

- (a) Apart from the above, we are also proposing for a transfer applicant and its Sponsor to ensure that -
  - (i) there is a clear price discovery mechanism for the transfer applicant's shares which will be transferred to the ACE Market;

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<sup>25</sup> New Rule 3A.04 of the ACE LR.

- (ii) such price discovery must -
    - (aa) reflect the current valuation ascribed to similar business or sector as the transfer applicant; and
    - (bb) be supported with sound and verifiable bases and justifications; and
  - (iii) the price discovery mechanism together with the bases and justifications are -
    - (aa) disclosed in the circular to shareholders and prospectus; and
    - (bb) submitted to the Exchange as part of the transfer listing application.
- (b) As the LEAP Market caters only to sophisticated investors, the trading volume and liquidity of the shares in LEAP Market listed corporations are generally low. Considering the different trading environment and volume of active participants between the LEAP Market and ACE Market, a clear price discovery mechanism is important to ensure a fair and reasonable valuation of the shares to be transferred to the ACE Market, supported with sound and verifiable bases and justifications. The price discovery mechanism, which is typically based on demand and supply of the transfer applicant’s shares, would enable the transfer applicant to re-adjust the value of its shares in conjunction with the transfer to the ACE Market. A clear price discovery mechanism must also be disclosed in both the circular and prospectus, to ensure informed investment decisions by shareholders and potential investors.

**Issue(s) for Consultation**

*Introduction of LEAP Transfer Framework*

1. Do you agree with the proposal to introduce a framework for the transfer of listing of a LEAP Market listed corporation to the ACE Market?

Please state the reasons for your views.

*Eligibility Requirements for LEAP Transfer Applicant*

2. Do you agree with the following:
- (a) a LEAP transfer applicant must meet similar requirements for admission and listing on the ACE Market as set out under paragraph 17.1(a)(i) of the Consultation Paper?
  - (b) a LEAP transfer applicant must have been listed for at least 2 years on the LEAP Market as set out under paragraph 17.1(a)(ii) of the Consultation Paper?

- (c) a LEAP transfer applicant must, among others, have successfully completed its business plan and fully utilised the proceeds raised in accordance with the purposes disclosed in the information memorandum issued pursuant to its listing on the LEAP Market, or such other purposes as may be varied and approved by its shareholders after its listing on the LEAP Market, as set out under paragraph 17.1(a)(iii) of the Consultation Paper?

Please state the reasons for your views.

3. Do you have any other suggestions or additional eligibility requirements that you think is necessary to impose on a LEAP transfer applicant?

Please state your suggestions and reasons for your suggestions.

*Transfer Listing Procedures*

4. Do you have any suggestions to further improve and enhance the process and procedures for the LEAP Transfer Framework as set out under paragraph 17.3 of the Consultation Paper?

Please provide your suggestions and reasons for your suggestions.

*Price Discovery Mechanism*

5. Do you have any suggestion on the appropriate price discovery mechanism to be used for determining the price of the transfer applicant's shares which will be transferred to the ACE Market?

Please provide your suggestions and reasons for your suggestions.

*[End of Proposal I]*

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## PROPOSAL II ENHANCING CAPACITY BUILDING BY ALLOWING ELIGIBLE APPROVED ADVISERS TO BE REPLACEMENT SPONSORS

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18. As mentioned in paragraph 4 above, an Approved Adviser plays a crucial role in assessing the suitability of an applicant for admission to the LEAP Market. To do so, the Approved Adviser must have a sound understanding and updated knowledge of the applicant, its business, operations, the industry it operates and any other issues that might affect the business and industry of the applicant and take a lead role in the due diligence process. The Approved Adviser which submitted the application for admission must also act as a Continuing Adviser to the Applicant for at least 1 full financial year following the applicant's admission. In addition to other post listing activities<sup>26</sup>, an Approved Adviser must also guide and advise a listed corporation if the listed corporation were to undertake a corporate proposal which will result in a significant change in the business direction or policy of a listed corporation.
19. The ACE Market similarly is a Sponsor driven market where an ACE Market listed corporation is required to secure and maintain the services of a Sponsor for at least 3 full financial years after its admission to the ACE Market or at least 1 full financial year after it has generated operating revenue, whichever is the later ("**Sponsorship Period**"). The Sponsor who submitted the application for admission to the ACE Market must act as a Sponsor for the ACE Market listed corporation for at least 1 full financial year following its admission to the ACE Market.<sup>27</sup>
20. With the listing experience and advisory role an Approved Adviser gained from the LEAP Market, the Exchange believes an Approved Adviser may have a role to play in the Proposed LEAP Transfer Framework. It can be appointed to act as a financial adviser alongside the Sponsor<sup>28</sup>, to assist in the transfer listing application of a listed corporation from the LEAP Market to the ACE Market. As a financial adviser, the scope of work of the Approved Adviser will be determined and agreed with the Sponsor, which may include, among others, preparing the withdrawal of listing from the LEAP Market, assisting the Sponsor in reviewing the submission documents in relation to the transfer of listing, collating and gathering of information pertaining to the transfer applicant's business for submission to the Exchange and etc. This will allow the Approved Adviser (and its personnel) to gain exposure and experience with the ACE LR.
21. Within this context, the Exchange proposes to introduce a new Recognised Approved Adviser Framework which permits an eligible Approved Adviser to serve as a replacement Sponsor for an ACE Market listed corporation. The primary role of a Recognised Approved Adviser is to guide the ACE Market listed corporation and its directors on their post listing obligations and to ensure compliance with the ACE LR and other applicable laws. With the opportunity and exposure given to an eligible Approved Adviser to assume the role as a replacement Sponsor in the ACE Market, it would serve to enhance its competency and exposure to the ACE Market. This is aimed at propelling capacity building amongst professionals in the corporate finance fraternity.

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<sup>26</sup> As provided under Part E of Chapter 4 of the LEAP LR.

<sup>27</sup> Rule 3.21 of the ACE LR.

<sup>28</sup> It is to be noted that the Sponsor is still primarily responsible for the transfer of listing application as highlighted in paragraph 17.2 of this Consultation Paper.

22. Premised on the above, the Exchange is proposing the following amendments to the ACE LR relating to the Recognised Approved Adviser framework and the associated requirements:

22.1 **Eligibility requirements for Recognised Approved Adviser<sup>29</sup>**

- (a) We propose that an Approved Adviser wishing to be a Recognised Approved Adviser<sup>30</sup> must obtain the approval of the Exchange for its admission to the Register of Recognised Approved Adviser, and comply with the following requirements<sup>31</sup>:
- (i) have acted for at least 2 transfers of listing from the LEAP Market to the ACE Market as a financial adviser;
  - (ii) have acted as an Approved Adviser for at least 3 initial listings on the LEAP Market;
  - (iii) have an Eligible Person<sup>32</sup> who, in the 7 years immediately preceding the date of application as a Recognised Approved Adviser, had -
    - (aa) been involved in at least 2 transfers of listing from the LEAP Market to the ACE Market; and
    - (bb) been involved in at least 3 initial listings on the LEAP Market;
  - (iv) have satisfactory conduct and work record with no adverse record;
  - (v) have no pending investigation or enforcement action initiated against it by the Exchange or SC;
  - (vi) provide the Exchange with an irrevocable and unconditional undertaking to comply with the ACE LR which are applicable to it; and
  - (vii) satisfy such conditions as may be imposed by the Exchange.
- (b) The Exchange will exercise its discretion in admitting an Approved Adviser from the LEAP Market to the Register of Recognised Approved Adviser.<sup>33</sup> In this regard, the Exchange may subject the admission to such other conditions as the Exchange thinks fit, decline an admission which is contrary to public interest or which will or is likely to adversely affect the reputation of the Exchange or the integrity of the market.

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<sup>29</sup> New Rule 4.29 of the ACE LR.

<sup>30</sup> New definition under Rule 1.01 of ACE LR defines “Recognised Approved Adviser” to mean Approved Adviser which is registered on the register maintained by the Exchange specifying all persons which have been approved to act as Recognised Approved Advisers by the Exchange pursuant to Chapter 4 of the ACE LR and such approval has not been revoked or suspended (“Register of Recognised Approved Adviser”).

<sup>31</sup> New Rule 4.29(1) of the ACE LR.

<sup>32</sup> “Eligible Person” shall have the same meanings given in Rule 4.02 of the LEAP LR.

<sup>33</sup> New Rule 4.29(2) of the ACE LR.

- (c) The proposed eligibility requirements are aimed at ensuring that the Approved Adviser has the necessary competency, expertise and is sufficiently qualified to advise an ACE Market listed corporation and its directors on their post listing obligations, and to ensure compliance with the ACE LR and other applicable laws. In addition, it is also important to safeguard the credibility of the Sponsor-driven regime, by ensuring that only suitably qualified and experienced Approved Advisers are allowed to carry such responsibilities.

**22.2 Roles and responsibilities of a Recognised Approved Adviser in its capacity as a replacement Sponsor**<sup>34</sup>

- (a) We propose that a Recognised Approved Adviser may, after the first full financial year of a listed corporation’s admission to the ACE Market, serve as a replacement Sponsor to guide the ACE Market listed corporation and its directors for the remaining Sponsorship Period<sup>35</sup>. However, this does not include acting for an ACE Market listed corporation in corporate proposals requiring the appointment of an Adviser under the ACE LR such as proposals involving new issue of securities under Chapter 6 of the ACE LR, and transactions under Chapter 10 of the ACE LR.<sup>36</sup>
- (b) Specifically, the key roles of a Recognised Approved Adviser as a replacement Sponsor are proposed to be as follows:
  - (i) maintain regular contact with the ACE Market listed corporation, including being available at all times to advise and guide the ACE Market listed corporation and its directors of their responsibilities and obligations, and to ensure their compliance on an on-going basis with the ACE LR and all relevant legislation and guidelines issued by regulatory authorities;<sup>37</sup>
  - (ii) advise the ACE Market listed corporation on the appointment of a suitable accounting firm to meet the listed corporation’s audit obligations, valuers and other experts;<sup>38</sup>
  - (iii) advise the ACE Market listed corporation if the trading of its listed securities will or should be halted or suspended;<sup>39</sup> and

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<sup>34</sup> New Rule 4.30(1) and (2) of the ACE LR.

<sup>35</sup> New Rule 4.30(1) of the ACE LR.

<sup>36</sup> Pursuant to Rule 8.06(1) of the ACE LR, an ACE Market listed corporation must engage the services of an Adviser (who must be registered on the Register of Sponsors) where it undertakes such corporate proposal or activity prescribed by the Exchange to require the services of an Adviser. The Adviser must be a person registered on the Register of Sponsors. Paragraph 2.0 of Guidance Note 19 of the ACE LR prescribes the list of such corporate proposals.

<sup>37</sup> Rule 4.09 (a) of the ACE LR.

<sup>38</sup> Rule 4.09 (b) of the ACE LR.

<sup>39</sup> Rule 4.09 (c) of the ACE LR.

- (iv) review any public document<sup>40</sup> to be submitted or disclosed by the ACE Market listed Corporation to the Exchange to ensure compliance by the ACE Market listed corporation.<sup>41</sup>

### 22.3 Ongoing requirements and obligations of a Recognised Approved Adviser<sup>42</sup>

- (a) In carrying out its role as a replacement Sponsor discussed in paragraph 22.2 above effectively, a Recognised Approved Adviser is expected to assume similar ongoing requirements and obligations applicable to Sponsors under Chapter 4 of the ACE LR. In view of this, we propose that a Recognised Approved Adviser must comply with the requirements as discussed below.

#### *Standard of care and conduct requirements*

- (b) To ensure that a Recognised Approved Adviser servicing an ACE Market listed corporation carries out its role to a high standard, it is proposed that the Recognised Approved Adviser must -
  - (i) observe and comply with the ACE LR and any other guidance note, instruction or directive issued or condition imposed by the Exchange;<sup>43</sup>
  - (ii) comply with the following duty of care:<sup>44</sup>
    - (aa) act honestly, fairly and efficiently;
    - (bb) maintain the integrity of the market;
    - (cc) maintain and safeguard the confidentiality of records and information;
    - (dd) use due care and skill at all times when acting for, advising or guiding an ACE Market listed corporation;<sup>45</sup> and

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<sup>40</sup> This refers to any document issued by an applicant or a listed corporation to the public or to the holders of any class of securities in a listed corporation pursuant to the ACE LR.

<sup>41</sup> Rule 4.10 of the ACE LR. The following need not be reviewed by the Recognised Approved Adviser:

- (a) the annual audited financial statements issued by the ACE Market listed corporation;
- (b) announcements made by the ACE Market listed corporation as referred to under Rule 9.17(2)(a) (e.g. announcement on any proposed change of name, board composition, audit committee and chief executive of the listed corporation)
- (c) where the ACE Market listed corporation has appointed another Adviser for the purpose of preparation or submission of the public document to the Exchange.

<sup>42</sup> New Rule 4.30(2) of the ACE LR.

<sup>43</sup> Rule 4.05(a) of the ACE LR.

<sup>44</sup> Rule 4.05(b) of the ACE LR.

<sup>45</sup> Rule 4.11(a) of the ACE LR.



- (iii) manage, avoid and resolve conflict of interest involving the Recognised Approved Adviser in relation to its role as a replacement Sponsor to an ACE Market listed corporation.<sup>46</sup>

***On-going obligations of a Recognised Approved Adviser***

- (c) In addition to the above, a Recognised Approved Adviser is proposed to comply with the following obligations on a continuing basis:
  - (i) liaising with the Exchange on matters concerning the Sponsor's responsibilities and other matters which should be brought to the Exchange's attention;<sup>47</sup>
  - (ii) having appropriate and adequate systems, procedures, policies and resources to discharge its obligations under the ACE LR;<sup>48</sup>
  - (iii) maintaining and retaining sufficient record-keeping in respect of its activities as a replacement Sponsor;<sup>49</sup>
  - (iv) co-operating and rendering every assistance to any investigation, enquiry or query conducted by the Exchange on any matter relating to the ACE LR;<sup>50</sup> and
  - (v) undertaking an annual review of its sponsorship activities to enable it to determine the effectiveness of its role as a Recognised Approved Adviser and compliance with its obligations under the ACE LR.<sup>51</sup>

***Resignation, termination and removal from the Register of Recognised Approved Adviser***

- (d) We propose to extend the requirements in Part E of Chapter 4 of the ACE LR in relation to a resignation, termination or replacement of a Sponsor, the removal of a Sponsor from the Register of Sponsor and the cessation of sponsorship activities, to a Recognised Approved Adviser with the necessary modifications.<sup>52</sup>

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<sup>46</sup> Rule 4.08 of the ACE LR.

<sup>47</sup> Rule 4.12 of the ACE LR.

<sup>48</sup> Rule 4.13 of the ACE LR.

<sup>49</sup> Rule 4.14 of the ACE LR.

<sup>50</sup> Rule 4.15 of the ACE LR.

<sup>51</sup> Rule 4.23 of the ACE LR.

<sup>52</sup> Rules 4.19, 4.20, 4.21 and 4.22 of the ACE LR.

**22.4 Obligations of the ACE Market listed corporation in dealing with the Recognised Approved Adviser<sup>53</sup>**

We propose that an ACE Market listed corporation which engages a Recognised Approved Adviser must also comply with the following requirements:

- (a) consult and seek the advice of the Recognised Approved Adviser on a timely basis when it contemplates a prescribed proposal or transaction;<sup>54</sup>
- (b) take into account the advice given in considering the proposal or transaction;<sup>55</sup>
- (c) in tandem with the role of the Recognised Approved Adviser as proposed in paragraph 22.2 above, ensure that the Recognised Approved Adviser reviews the public document to be submitted or disclosed to the Exchange;<sup>56</sup> and
- (d) provide all necessary and reasonable assistance to its Recognised Approved Adviser including providing relevant information on a timely basis, providing access to information, books, records, personnel and premises, and ensuring that its directors, subsidiaries, employees or any other relevant parties render assistance to the Recognised Approved Adviser.<sup>57</sup>

**22.5 Performance review by the Exchange<sup>58</sup>**

Similar to a Sponsor, we propose that the Exchange may at any time review the performance or conduct of each Recognised Approved Adviser. If the Exchange considers that the Recognised Approved Adviser has not performed its duties satisfactorily, the Exchange may impose such conditions or requirements on the Recognised Approved Adviser or take any other action as the Exchange deems fit. This seeks to ensure that the quality of Recognised Approved Advisers is maintained at all times.<sup>59</sup>

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<sup>53</sup> New Rule 4.30(2) of the ACE LR.

<sup>54</sup> Rule 4.26(1) of the ACE LR.

<sup>55</sup> Rule 4.26(2) of the ACE LR.

<sup>56</sup> Rule 4.27 of the ACE LR.

<sup>57</sup> Rule 4.28 of the ACE LR.

<sup>58</sup> New Rule 4.30(2) of the ACE LR

<sup>59</sup> Rule 4.24 of the ACE LR.

**Issue(s) for Consultation**

*Recognised Approved Adviser Framework*

6. Do you have any view on the roles which an Approved Adviser may assume in its capacity as a financial adviser in a proposed transfer of listing of a LEAP Market listed corporation to ACE Market as referred to in paragraphs 20 and 22.1(a)(i) (alongside a Sponsor which would primarily be responsible for the transfer of listing application)?

Please state your views and the reasons of your views.

7. Do you agree with the proposal to introduce the Recognised Approved Adviser framework under paragraph 21 of the Consultation Paper?

Please state the reasons of your views.

8. Do you agree with the eligibility criteria as set out in paragraph 22.1 of the Consultation Paper, that an Approved Adviser must satisfy to be eligible as a Recognised Approved Adviser?

Please state the reasons of your views.

9. Do you have any other suggestions or additional eligibility requirements that you think is necessary to impose on an Approved Adviser for its eligibility to act as a Recognised Approved Adviser?

Please state your suggestions and reasons for your suggestions.

10. Do you have any other suggestions to enhance the Recognised Approved Adviser Framework?

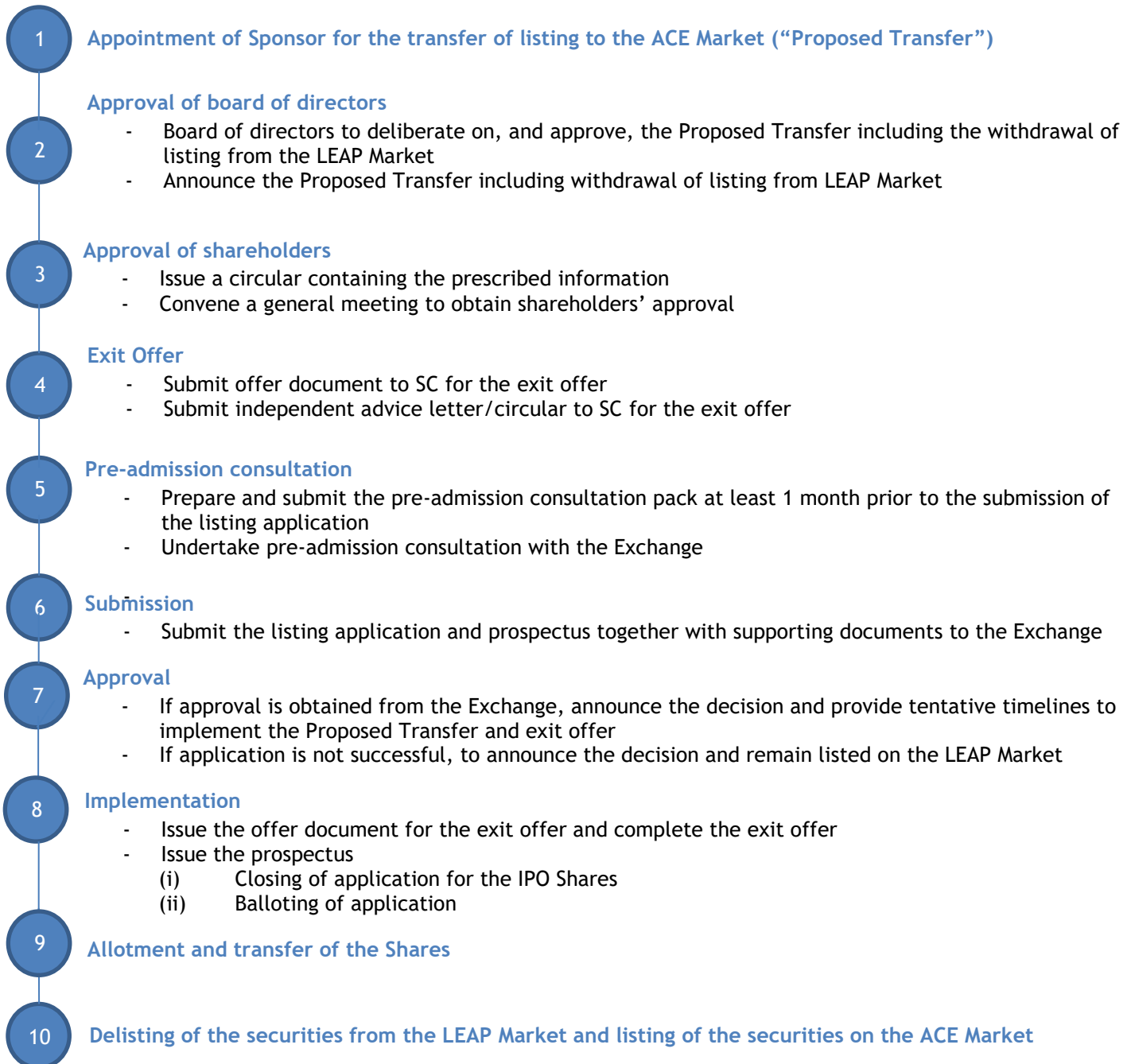
Please state your suggestions and reasons for your suggestions.

*[End of Proposal II]*

**ANNEXURE A - PROPOSED AMENDMENTS**

*[Please see Annexure A enclosed with this Consultation Paper]*

## ANNEXURE B - DIAGRAM ON THE KEY PROCESSES OF THE PROPOSED TRANSFER FRAMEWORK



**ATTACHMENT**

**TABLE OF COMMENTS**

*[Please see the Attachment setting out the Table of Comments enclosed with this Consultation Paper]*

**APPENDIX**

**BURSA MALAYSIA’S PERSONAL DATA NOTICE**

In relation to the Personal Data Protection Act 2010 and in connection with your personal data provided to us in the course of this consultation, please be informed that Bursa Malaysia’s personal data notice (“**Notice**”) is available at [www.bursamalaysia.com](http://www.bursamalaysia.com). Kindly ensure that you read and are aware of the Notice.

If you are submitting personal data of an individual other than yourself (“**data subject**”), please ensure that prior to such submission, you have provided the data subject with written notice of the Notice unless section 41 of the Personal Data Protection Act 2010 (“**PDPA**”) applies or Bursa Malaysia otherwise specifies in connection with the PDPA.

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Berhubung Akta Perlindungan Data Peribadi 2010 dan berkenaan semua data peribadi anda yang diberikan di dalam proses konsultasi ini, sila ambil maklum bahawa notis Bursa Malaysia mengenai data peribadi (“**Notis tersebut**”) boleh didapati di [www.bursamalaysia.com](http://www.bursamalaysia.com). Sila pastikan yang anda membaca dan memahami Notis tersebut.

Jika anda mengemukakan data peribadi individu pihak ketiga (“**Subjek Data**”), anda mesti memastikan bahawa Subjek Data telah diberi notis bertulis mengenai Notis tersebut terlebih dahulu kecuali seksyen 41 Akta Perlindungan Data Peribadi 2010 (“**APDP**”) terpakai atau Bursa Malaysia sebaliknya menyatakan berkenaan dengan APDP.

**[End of the Appendix]**