



CONSULTATION PAPER NO. 2/2015

PROPOSED REVIEW OF THE LISTING REQUIREMENTS RELATING TO -  
DISCLOSURE AND CORPORATE GOVERNANCE REQUIREMENTS; AND  
POST-LISTING DISCLOSURE OBLIGATIONS FOR MINERAL, OIL AND GAS LISTED ISSUERS

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Bursa Malaysia Securities Berhad ("Bursa Securities") invites your written comments on the issues set out in this Consultation Paper by **13 November 2015 (Friday)** via:

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

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Please see our Personal Data Notice as set out in the Appendix to this Consultation Paper.

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## A. INTRODUCTION

This Consultation Paper is to seek public feedback on the following:

- (a) proposed amendments to Bursa Malaysia Securities Berhad (“**the Exchange**”) Main Market Listing Requirements (“**Main LR**”) and ACE Market Listing Requirements (“**ACE LR**”) (collectively the “**LR**”) relating to the various enhancements proposed in key areas of disclosures and corporate governance (“**Proposed Disclosure & CG Amendments**”); and
- (b) proposed amendments to the Main LR relating to the post-listing disclosure obligations specifically for listed issuers involved in exploration or extraction of mineral, or oil and gas resources (“**Proposed MOG Amendments**”),

(the Proposed Disclosure & CG Amendments and the Proposed MOG Amendments are collectively referred to as the “**Proposals**”).

### **Proposed Disclosure & CG Amendments**

In line with the aim of enhancing market quality, we reviewed the LR in 2011 with emphasis of providing greater guidance and clarity to the market in the areas of disclosure and corporate governance. In conjunction with the review of the LR, we also issued a Corporate Disclosure Guide (“**CD Guide**”) to clarify and illustrate how disclosure requirements should be applied in practice, addresses common issues faced by listed issuers relating to disclosures, and recommends the best practices to be adopted as part of the listed issuers’ internal policies and procedures.

Given the ever-changing capital market environment, we will review the LR from time to time to ensure that they remain relevant, effective and benchmarked to international standards. In this regard, we are embarking on a review of the LR this time with the primary objective of promoting greater transparency, maintaining market integrity and strengthening investor protection. The main areas of focus are as follows:

- (a) enhancing the contents of annual reports, particularly disclosure of non-financial information;
- (b) improving shareholder engagement and strengthening corporate governance practices of listed issuers; and
- (c) enhancing the relevant LR requirements arising from the international standards of auditing relating to key audit matters<sup>1</sup> and going concern<sup>2</sup>.

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<sup>1</sup> See the new International Standards of Auditing (“**ISA**”) 701 on “Communicating Key Audit Matters in the Independent Auditor’s Report” which was approved by the Council of the Malaysian Institute of Accountants for publication in April 2015.

[Source: <http://www.mia.org.my/handbook/guide/MASA/ISA%20701.pdf>]

<sup>2</sup> See the revised ISA 570 on “Going Concern” which was approved the Council of the Malaysian Institute of Accountants for publication in April 2015.

[Source: [http://www.mia.org.my/handbook/guide/MASA/ISA%20570%20\(Revised\).pdf](http://www.mia.org.my/handbook/guide/MASA/ISA%20570%20(Revised).pdf)]

### **Proposed MOG Amendments**

Further to the above, we have also observed an increasing trend of our listed issuers venturing into the mineral, oil and gas industries. In view of the unique characteristics of these industries which are highly technical in nature, the Proposed MOG Amendments are aimed at providing investors and shareholders with material, relevant and reliable information to enable them to have a better understanding of the mineral, oil and gas companies' activities and businesses, in order to make informed investment decisions.

The Proposed MOG Amendments are done concurrently with the proposed review of the admission criteria for corporations involved in the exploration or extraction of mineral or oil and gas resources by the Securities Commission ("**SC**") under the relevant SC's Guidelines ("**SC's MOG Consultation Paper**"). We note that in other jurisdictions such as Australia, Hong Kong, Singapore, the United Kingdom, Canada and South Africa, the exchanges have also set out specific requirements relating to an initial public offering and post-listing disclosure obligations for mineral, oil and gas listed issuers under their listing rules.

## **B. KEY PROPOSED DISCLOSURE & CG AMENDMENTS**

The key Proposed Disclosure & CG Amendments are as summarised below:

### **1. Enhancements to the contents of annual reports**

- (a) requiring the following disclosure of non-financial information:
  - (i) the management discussion and analysis of the listed issuer's business operations and financial performance;
  - (ii) details of non-audit fees such as the type of services rendered;
  - (iii) enhanced information pertaining to the profile particulars of directors and chief executive;
  - (iv) profile particulars of key senior management of the listed issuer similar to that required of a chief executive; and
  - (v) information regarding material contracts or material loans involving the interest of the chief executive and the shareholding of chief executive in the listed issuer;
- (b) clarifying that disclosure of directors' remuneration includes the remuneration for services rendered to the listed issuer as a group and requiring disclosure of the amount received from the listed issuer and amount received on a group basis respectively; and
- (c) deleting information that has been previously disclosed to shareholders via announcements or notes to the quarterly report.

2. **Enhancements to improve shareholder engagement and strengthen corporate governance practices of listed issuers**
  - (a) mandating poll voting for all resolutions; and
  - (b) requiring publication of minutes of annual general meetings on the listed issuer's website.
3. **Enhancements arising from international standards of auditing relating to key audit matters and going concern**
  - (a) requiring immediate and periodic disclosures of matters that require significant auditor's attention and matters relating to going concern, together with steps taken to address them;
  - (b) strengthening the role of audit committee when reviewing financial statements and enhancing transparency of the audit committee's role in the audit committee report; and
  - (c) enhancing the criterion concerning the going concern status of a listed issuer under the framework for financially distressed listed issuers.
4. **Other amendments for greater clarity and certainty**

We believe the Proposed Disclosure & CG Amendments would, among others -

- (a) improve the quality of disclosures in annual reports through enhanced disclosure requirements and removal of repetitious information where appropriate;
- (b) enhance corporate practices as well as shareholder participation and voting at general meetings; and
- (c) enhance the integrity of financial statements and enhance transparency on matters that require significant auditor's attention and matters relating to going concern.

## **C. KEY PROPOSED MOG AMENDMENTS**

5. **Amendments in relation to post listing obligations of mineral, oil and gas listed issuers**

The key Proposed MOG Amendments cover the following:

- (a) the ambit of listed issuers which are considered as mineral, oil and gas ("**MOG**") listed issuers;
- (b) the post-listing disclosure requirements for MOG listed issuers;
- (c) specific requirements relating to acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG exploration or extraction activities;

- (d) the qualifications and experience required of technical experts who are involved in the assessment of MOG resources and reserves and the valuation of mineral or oil and gas assets; and
- (e) the standards for reporting MOG resources and reserves.

We believe that additional and enhanced disclosure obligations for MOG listed issuers are necessary to keep shareholders updated on the status of the MOG listed issuers' development and exploration activities in view of the long lead times of these activities before commercial production of MOG reserves commences. This will enable the investors to have an overall better understanding of these issuers' activities and businesses.

## D. STRUCTURE OF THE CONSULTATION PAPER

Details of the Proposals and their rationale are provided in the “**Details of Proposals**” in **Parts 1 to 5** of this Consultation Paper.

The Proposed Disclosure & CG Amendments and Proposed MOG Amendments are provided in **Annexures A to C** and are reflected in the following manner:

- portions underlined are text newly inserted/added/replaced onto the existing rules; and
- portions struck through are text to be deleted.

The table below provides a snapshot of the relevant details of the Proposals as well as the related Parts and Annexures for ease of reference:

Part No.	Details of Proposals	Proposed Amendments (Annexure)
<b>PROPOSED DISCLOSURE &amp; CG AMENDMENTS</b>		
1.	Enhancements to the contents of annual reports	<b>Annexure A for the Main LR</b>  <b>Annexure B for the ACE LR</b>
2.	Enhancements to improve shareholder engagement and strengthen corporate governance practices of listed issuers	
3.	Enhancements arising from international standards of auditing relating to key audit matters and going concern	
4.	Other amendments	
<b>PROPOSED MOG AMENDMENTS</b>		
5.	Amendments in relation to post listing obligations of mineral, oil and gas listed issuers	<b>Annexure C for the Main LR only</b>

Comments on the Proposals can be given by filling up the template as attached in the **Attachment**.

Note:

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

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## E. DETAILS OF PROPOSALS

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### PART 1 PROPOSED ENHANCEMENTS TO THE CONTENTS OF ANNUAL REPORTS

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We have a sound and robust disclosure framework in the LR which addresses both financial and non-financial disclosures. Our disclosure requirements are benchmarked with international standards such as the Objectives and Principles of Securities Regulation as well as the Principles for Periodic Disclosures by Listed Entities, issued by the International Organization of Securities Commissions.

Bursa's regulatory framework is aimed primarily at maintaining market integrity and investor protection. In this regard, reliable, informative and timely disclosures are key towards building a corporate community that is disclosure based and transparent. With this in mind, we had, in 2011, undertaken a review of the disclosure requirements particularly in connection with continuing disclosures and financial reports. As a result of the review, we enhanced requirements on, among others, quarterly and annual reports, as well as immediate announcements of material information. Arising from this, the disclosures in quarterly reports and immediate announcements have improved in material respects. We have seen greater elaboration on, among others, the analysis of the listed issuers' performance in the notes to quarterly reports and the major components in the statement of cashflows. Further, there is also greater transparency on changes in the boardroom, senior management and appointment of independent advisers as listed issuers now have included reasons for such changes in their announcements.

However, given the ever-changing capital market environment, there is greater demand by investors for timely, adequate and relevant non-financial information alongside financial information to make informed decisions. In view of this and the dynamic capital market environment, our disclosure framework and practices will be reviewed from time to time to ensure that the market continues to operate under high levels of transparency and investors are able to make informed investments.

In this respect, we have undertaken a review of the LR disclosure framework this year, focusing on the contents of the annual report. Based on our review and engagement with stakeholders, we found that there is a need to further improve the quality of disclosures by prescribing additional non-financial information, such as the disclosure of management discussion and analysis, which is useful and essential to investors to aid them in making informed investment decisions. At the same time, information previously disclosed to shareholders or investors via immediate announcement or the quarterly report need not be repeated in the annual report.

Our proposals in this Consultation Paper seek to address these findings. The details of the proposals are discussed below.



**Proposal 1.1**

Description	Affected Provision(s)	
	Main LR	ACE LR
Requiring disclosure of management discussion and analysis in annual reports	<ul style="list-style-type: none"> <li>▪ Appendix 9C, Part A, paragraph (7)</li> <li>▪ Practice Note 9, paragraph 2.2</li> </ul>	<ul style="list-style-type: none"> <li>▪ Appendix 9C, paragraph (8)</li> <li>▪ Guidance Note 11, paragraph 2.2</li> </ul>

1. A listed issuer is presently required to disclose in its annual report, the Chairman’s statement representing the collective view of the board setting out a balanced summary which includes a brief description of the industry trend and development, a discussion and analysis of the group’s performance during the year, and material factors underlying its results and financial position and the prospects of the listed issuer<sup>3</sup> (“**Chairman’s Statement**”).
2. On the other hand, disclosure of the management discussion and analysis (“**MD&A**”) of the listed issuer group’s business, operations and financial performance in its annual report, is currently a voluntary best practice<sup>4</sup>.
3. Globally, MD&A is commonly prescribed as a mandatory disclosure requirement for listed issuers, such as in Singapore, Hong Kong and Australia. It is recognised that MD&A disclosure is essential as it provides a more meaningful and in-depth discussion to investors and shareholders on the current performance and prospect of their investee companies in the near future. In view of this, we believe that there should be greater emphasis and impetus for our listed issuers to provide material non-financial information such as the MD&A disclosures in their annual reports to meet their investors’ and shareholders’ expectation. In this connection, we found that the voluntary framework currently in place may be inadequate for this purpose.
4. In view of the above, we propose that it is timely now to mandate all listed issuers to provide MD&A disclosure in their annual reports.

<sup>3</sup> See the existing paragraph (7) in Part A of Appendix 9C of the Main LR and paragraph (8) of Appendix 9C of the ACE LR.

<sup>4</sup> This is recommended in the CD Guide where a listed issuer is strongly encouraged to make a separate statement in its annual report containing the MD&A of the listed issuer group’s business, operations and financial performance.

5. We believe that disclosure of MD&A is important as it complements the annual audited financial statements of the listed issuer and provides shareholders and investors with information needed to assess the underlying drivers of the listed issuer's financial performance and a more in-depth understanding on the listed issuer's financial results, risk exposure as well as information about the outlook and expected future performance of the listed issuer. In addition, the MD&A also provides a unique opportunity for listed issuer's management to provide shareholders and investors with an understanding of its view on the business strategy, financial position, operations and prospects of the listed issuer. The inclusion of MD&A in annual reports is also supported by international bodies such as the International Organization of Securities Commissions. As mentioned above, benchmarked jurisdictions such as Singapore, Hong Kong and Australia have also adopted the approach of mandating the disclosure of MD&A (or sometimes referred to as operating and financial review) either in the listing rules or the corporations act<sup>5</sup>.
6. Since the introduction of the MD&A disclosure on a voluntary basis by the Exchange in 2011 through the issuance of the CD Guide, listed issuers have had at least 3 to 4 years lead time to familiarise and prepare themselves to incorporate MD&A disclosure in their annual reports. Based on our recent review of disclosures in annual reports published as at 30 June 2015 on a sampling basis<sup>6</sup>, we found that all annual reports reviewed contain some form of MD&A statement.
7. However, we found that only 36% of the annual reports reviewed contained MD&A with reasonably adequate information as recommended in the CD Guide. Therefore, we believe that there is room for improvement in terms of the quality and depth of disclosures made in the MD&A.
8. Hence, in order to ensure that the MD&A statement provides an analytical overview that enables shareholders and investors to understand the performance of a listed issuer's business and the factors underlying its results and financial position, we propose to prescribe the following minimum content of the MD&A statement as follows:
  - (a) overview of the group's business and operations including its objectives and strategies for achieving the objectives;
  - (b) discussion and analysis of the financial results and financial condition including -
    - (i) commentary on financial and non-financial indicators to measure the group's performance;
    - (ii) significant changes in performance, financial position and liquidity as compared with the previous financial year;

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<sup>5</sup> In Singapore and Hong Kong, the requirement is stipulated in Rule 1207(4) of the Listing Manual issued by Singapore Exchange ("**SGX**") and paragraph 32 of Appendix 16 of the Main Board Listing Rules issued by the Stock Exchange of Hong Kong Ltd ("**HKEX**") respectively. In Australia, the requirement is prescribed in section 299A of the Corporations Act 2001.

<sup>6</sup> The assessment covers a mixture of 440 listed issuers from the Main and ACE Market.

- (iii) discussion on the capital expenditure requirements, capital structure and capital management policies of the group, group's treasury policy and group's funding and liquidity resources and
    - (iv) known trends and events that are reasonably likely to have a material effect on the group's operations, financial condition, results and liquidity, together with the underlying reasons or implications;
  - (c) review of operating activities including discussion on the main factors that may affect the operating activities of each principal business segment of the group, impact on future operating activities, and the approach or action taken in dealing with the effect or outcome of such matters on its business activities;
  - (d) any identified anticipated or known risks that the group is exposed to which may have a material effect on the group's operations, financial condition, results and liquidity together with a discussion of the plans or strategies to mitigate such risks; and
  - (e) forward-looking statement providing commentary on the -
    - (i) group's possible trend, outlook and sustainability of each of its principal business segment;
    - (ii) prospects of new businesses or investments; and
    - (iii) dividend or distribution policy and factors contributing to the dividend or distribution for the financial year.
- 9. We believe that the prescribed minimum contents of the MD&A statement will promote better quality disclosure to shareholders and ensure that listed issuers address the key matters set out above in the MD&A statement. Additionally, this will also avoid the repetition of information already contained in the financial statements without further analysis or explanation.
- 10. Given that disclosure of MD&A statement is not new in the market, we intend to implement the mandatory disclosure in annual reports issued for financial year ending on or after **31 December 2016**.
- 11. Whilst it is no longer a mandatory requirement to include a Chairman's Statement in the annual reports, listed issuers may still continue to do so if they deem necessary. Listed issuers are always encouraged to provide any additional value-add non-financial information to their shareholders and investors on a continuing basis, beyond the mandatory prescriptions under the LR.

**Proposal 1.1 – Issues for Consultation**

1. Do you agree with our proposal to mandate the disclosure of a statement containing the MD&A of the group’s business, operations and financial performance during the financial year, in the annual report [paragraph 4 above]?

Please state the reasons for your views.

2. Do you agree with the proposed information to be included in the disclosure of MD&A statement [paragraph 8 above]? Is there any other key information that should be included in the MD&A statement?

Please state the reasons for your views.

3. Do you agree with our proposal not to mandate disclosure of the Chairman’s Statement in the annual report and instead, give listed issuers the flexibility of providing the Chairman’s Statement in the annual report on a voluntary basis [paragraph 11 above]?

Please state the reasons for your views.

**Proposal 1.2**

Description	Affected Provision(s)	
	Main LR	ACE LR
Requiring disclosure of details on non-audit fees	▪ Appendix 9C, Part A, paragraph (18)	▪ Appendix 9C, paragraph (19)

12. Currently, a listed issuer is only required to disclose the amount of non-audit fees incurred for services rendered to the listed issuer or its subsidiaries for the financial year by the listed issuer’s auditors, or a firm or corporation affiliated to the auditors’ firm.
13. We note that in addition to the amount of non-audit fees paid, increased transparency to shareholders regarding the type and nature of services covered under the non-audit fees is also important.
14. In view of the above, we propose to enhance the disclosure of non-audit fees by requiring the following details and information:
  - (a) the amount of audit and non-audit fees incurred for services rendered to the listed issuer or its subsidiaries for the financial year, and if there is no non-audit fee paid, to include a negative statement; and

- (b) where the disclosure relates to the non-audit fees, the type or nature of the services rendered, and whether the services were rendered by the listed issuer's auditors, a firm or corporation affiliated to the auditors.
15. We believe that our proposal above would give shareholders a meaningful context in understanding the disclosure of the non-audit fees and a basis on which to assess the non-audit services provided by auditors.

**Proposal 1.2 – Issues for Consultation**

4. Do you agree with the proposal to enhance the disclosure on non-audit fees in the manner as set out in paragraph 14 above?
- Please state the reasons for your views.
5. Is the information required in paragraph 14 above appropriate and adequate? Is there any other information that should be included in the disclosure of non-audit fees?

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**Proposal 1.3**

Description	Affected Provision(s)	
	Main LR	ACE LR
<ul style="list-style-type: none"> <li>▪ Requiring disclosure of profile particulars of key senior management similar to that required of a chief executive</li> <li>▪ Refining the disclosure requirements relating to the profile particulars of a director and chief executive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Appendix 8A, paragraph (1)</li> <li>▪ Appendix 9C, Part A, paragraphs (3) and (4)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Appendix 8A, paragraph (1)</li> <li>▪ Appendix 9C, paragraphs (3) and (4)</li> </ul>

***Profile particulars of key senior management***

16. Currently, a listed issuer is only required to immediately announce the profile particulars of a director<sup>7</sup> and a chief executive (who is not a director)<sup>8</sup>.
17. Similar to a chief executive, the key senior management of a listed issuer, namely those who report directly to the chief executive, play an important role in the listed issuer. Among others, such senior management are responsible for planning, directing and managing the business and activities of the listed issuer. Therefore it is prudent for a listed issuer to disclose the profile of its key senior management in the annual report to enable investors to know who the main drivers are for the business and operations of the listed issuer.

<sup>7</sup> Paragraph (3) in Part A of Appendix 9C of the Main LR and paragraph (3) of Appendix 9C of the ACE LR require a listed issuer to disclose the following information in relation to a director:

- (a) the name, age, nationality, qualification and whether the position is an executive or non-executive one and whether such director is an independent director;
- (b) working experience and occupation;
- (c) the date he was first appointed to the board;
- (d) the details of any board committee to which he belongs;
- (e) any directorship of public companies;
- (f) any family relationship with any director and/or major shareholder of the listed corporation;
- (g) any conflict of interests that he has with the listed corporation;
- (h) the list of convictions for offences within the past 10 years other than traffic offences, if any; and
- (i) the number of board meetings attended in the financial year.

<sup>8</sup> Paragraph (4) in Part A of Appendix 9C of the Main LR and paragraph (4) of Appendix 9C of the ACE LR require a listed issuer to disclose similar information in relation to a chief executive (except for the information set out in paragraphs (d) and (i) above. Additionally, the listed issuer must also include the details of any interest that the chief executive has in the securities of the listed issuer or its subsidiaries.

18. In this connection, we are proposing to require a listed issuer to disclose the profile particulars of its key senior management in the annual report, similar to that required of a chief executive. This means that a listed issuer will be required to disclose the following information in relation to its **key senior management**:
- (a) the name, age, gender, nationality and qualification;
  - (b) working experience;
  - (c) the date he was first appointed to the listed issuer;
  - (d) the details of any interest in the securities of the listed issuer or its subsidiaries;
  - (e) any directorship in public companies and listed issuers;
  - (f) any family relationship with any director and/or major shareholder of the listed issuer;
  - (g) any conflict of interests that he has with the listed issuer; and
  - (h) the list of convictions for offences within the past 5 years, and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences, if any.
19. This is in line with the practices in Hong Kong and Singapore. We also found that some listed issuers are already providing some form of disclosures in relation to their key senior management, in the annual reports. Hence, the proposal above is also to ensure parity in disclosures made.

***Profile particulars of directors and chief executive***

20. In addition to the above, we also took the opportunity to review the information which a listed issuer is currently required to disclose in relation to its directors and chief executive in the annual report. In this regard, we propose to refine the existing disclosure requirements on the profile particulars of directors and chief executive by requiring the following additional information to be disclosed in the annual report:
- (a) the **gender** of the director or chief executive;
  - (b) the **number directorships held in listed issuers** (in addition to those held in public companies); and
  - (c) the list of convictions for offences within the past **5 years** (instead of 10 years currently), **and particulars of any public sanction or penalty** imposed by the relevant regulatory bodies during the financial year, other than traffic offences, if any (which is currently a requirement in Appendix 9C of the LR<sup>9</sup>).

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<sup>9</sup> See paragraph (17) in Part A of Appendix 9C of the Main LR and paragraph (18) of Appendix 9C of the ACE LR.

21. Similar changes proposed in paragraph 20 above will also be reflected in the details of individuals who are standing for election as directors in the statement accompanying notices of annual general meetings as set out in Appendix 8A of the LR.

**Proposal 1.3 – Issues for Consultation**

***Profile particulars of key senior management***

6. Do you agree that a listed issuer must disclose the profile particulars for its key senior management in the annual report [paragraph 18 above]?

Please state the reasons for your views.

7. Is the information required in paragraph 18 above appropriate and adequate? Is there any other information that should be included in the disclosure of the key senior management’s profile particulars?

***Profile particulars of directors and chief executive***

8. Do you agree with our proposal to refine the disclosure requirements on the particulars of directors and chief executive in the annual report [paragraph 20 above]?

Please state the reasons for your views.

**Proposal 1.4**

Description	Affected Provision(s)	
	Main LR	ACE LR
Requiring disclosure of information regarding material contracts, material loans and shareholding of a chief executive	Appendix 9C, Part A: <ul style="list-style-type: none"> <li>▪ paragraph (21);</li> <li>▪ paragraph (22); and</li> <li>▪ paragraph (23)</li> </ul>	Appendix 9C: <ul style="list-style-type: none"> <li>▪ paragraph (22);</li> <li>▪ paragraph (23); and</li> <li>▪ paragraph (24)</li> </ul>

22. Appendix 9C of the LR presently requires a listed issuer to disclose the following information relating to its directors and key shareholders:



- (a) particulars of material contracts of the listed issuer and its subsidiaries involving directors' and major shareholders' interests<sup>10</sup>;
  - (b) where the material contract relates to a loan, particulars of the loan<sup>11</sup>; and
  - (c) the direct and deemed interests of each director (including number and percentage) in the listed issuer, or in a related corporation<sup>12</sup>.
23. Apart from the directors, shareholders and investors also place great reliance on the chief executive to lead and manage the listed issuers in the best interest of the listed issuer. In view of this, we propose to **extend the above disclosure requirements to the chief executive**. Given the significant role of the chief executive in the overall management of the listed issuer, it is important that shareholders and investors be apprised with certain key information relating to the chief executive particularly those which may give rise to issues of conflict of interests.

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<sup>10</sup> A listed issuer must provide the following particulars in relation to the material contract as set out in paragraph (21) in Part A of Appendix 9C of the Main LR and paragraph (22) of Appendix 9C of the ACE LR:

- (a) the date;
- (b) the parties;
- (c) the general nature;
- (d) the consideration passing to or from the listed issuer or any other corporation in the group;
- (e) the mode of satisfaction of the consideration; and
- (f) the relationship between the director or major shareholder and the contracting party (if the director or major shareholder is not the contracting party).

If no such material contract has been entered into, the listed issuer must provide a statement to that effect.

<sup>11</sup> A listed issuer must disclose the following particulars in respect of each loan as set out in paragraph (22) in Part A of Appendix 9C of the Main LR and paragraph (23) of Appendix 9C of the ACE LR:

- (a) the names of the lender and the borrower;
- (b) the relationship between the borrower and the director or major shareholder (if the director or the major shareholder is not the borrower);
- (c) the purpose of the loan;
- (d) the amount of the loan;
- (e) the interest rate;
- (f) the terms as to payment of interest and repayment of principal; and
- (g) the security provided.

<sup>12</sup> See paragraph (23)(b) in Part A of Appendix 9C of the Main LR and paragraph (24)(b) of Appendix 9C of the ACE LR.

**Proposal 1.4 – Issues for Consultation**

9. Do you agree with the proposal to require a listed issuer to disclose in the annual report, the information as set out in paragraph 22 above for the chief executive (in addition to the directors as currently required under the LR)?
- Please state the reasons for your views.
10. Is the information required in paragraph 22 above appropriate and adequate? Is there any other information that should be included in the disclosures relating to the chief executive?

**Proposal 1.5**

Description	Affected Provision(s)	
	Main LR	ACE LR
Clarifying the disclosure requirement on directors' remuneration	<ul style="list-style-type: none"> <li>▪ Appendix 9C, Part A, paragraph (11)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Appendix 9C, paragraph (12)</li> </ul>

24. Currently, a listed issuer is required to disclose in its annual report, the remuneration of its directors in the following manner<sup>13</sup>:
- (a) aggregate remuneration with categorisation into appropriate components (such as fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) and distinguishing between executive and non-executive directors; and
  - (b) the number of directors whose remuneration falls in each successive band of RM50,000 distinguishing between executive and non-executive directors.
25. To provide greater clarity, we have, via our Questions and Answers<sup>14</sup>, clarified that the remuneration disclosed should include remuneration for services rendered by the listed issuer's directors to the listed issuer as a group.

<sup>13</sup> See Paragraph (11) in Part A of Appendix 9C of the Main LR and paragraph (12) of Appendix 9C of the ACE LR.

<sup>14</sup> See item 9.44 in the Questions and Answers for Chapter 9 of the Main LR and item 9.39 in the Questions and Answers for Chapter 9 of the ACE LR.

26. Given that we are enhancing the contents of annual report in this review, we have taken the opportunity to codify the existing policy set out in our Questions and Answers above by clarifying in the LR that the remuneration disclosed must include the remuneration paid to the director of the listed issuer for services rendered to the other corporations within the listed issuer group. In this regard, we are also proposing that the disclosure by listed issuers on their directors' remuneration must include the amount received from the listed issuer and the amount received on a group basis respectively. This is to provide clarity as to the actual amount payable as remuneration for directors of the listed issuer.

**Proposal 1.5 – Issues for Consultation**

11. Do you agree with our proposal to amend the disclosure requirement of directors' remuneration in the manner as discussed in paragraph 26 above?

Please state the reasons for your views.

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**Proposal 1.6**

Description	Affected Provision(s)	
	Main LR	ACE LR
Removing repetitious information from the annual reports	<ul style="list-style-type: none"> <li>▪ Paragraph 9.19(34)</li> <li>▪ New paragraph 9.19(36A)</li> <li>▪ Appendix 9C, Part A:                             <ul style="list-style-type: none"> <li>• paragraph (14);</li> <li>• paragraph (15);</li> <li>• paragraph (16);</li> <li>• paragraph (17);</li> <li>• paragraph (19);</li> <li>• paragraph (20); and</li> <li>• paragraph (26)</li> </ul> </li> <li>▪ Paragraph 12.23 and Appendix 12D</li> </ul>	<ul style="list-style-type: none"> <li>▪ Paragraph 9.19(35)</li> <li>▪ New paragraph 9.19(37A)</li> <li>▪ Appendix 9C:                             <ul style="list-style-type: none"> <li>• paragraph (15);</li> <li>• paragraph (16);</li> <li>• paragraph (17);</li> <li>• paragraph (18);</li> <li>• paragraph (20);</li> <li>• paragraph (21); and</li> <li>• paragraph (27)</li> </ul> </li> <li>▪ Rule 12.23 and Appendix 12D</li> </ul>

27. At the same time, through this review, we also propose to remove some of the existing requirements in the annual report which may be repetitious or not required by shareholders (given that these are already prescribed elsewhere or disclosed previously), as set out below (“**Proposed Deletion**”). This is to ensure that we reduce duplication of information while at the same time focus the annual report on information that are relevant and useful to assist investors and shareholders in understanding and assessing their investments better. Details of the aforesaid are provided below.

***Information relating to share buy-back***

- (a) We propose to delete the information required under paragraph/Rule 12.23 of the LR in respect of share buy-backs for the financial year. This includes information on the monthly breakdown of purchase(s) and the purchase price paid; the monthly breakdown of resale(s) of treasury shares and the resale price; the details of the shares retained as treasury shares; and the details of the shares cancelled.
- (b) As similar information is currently announced on an immediate basis pursuant to a notification of purchase<sup>15</sup>, notification of resale<sup>16</sup> and notification of cancellation<sup>17</sup> in Chapter 12 of the LR, we believe that the information relating to share buy-back in paragraph (14) in Part A of Appendix 9C of the Main LR and paragraph (15) of Appendix 9C of the ACE LR is repetitious and therefore, may be deleted.

***Information on the amount of options or convertible securities issued by the listed issuer***

- (c) We propose to remove the information on the amount of options of convertible securities issued by the listed issuer which are exercised during the financial year in paragraph (15) in Part A of Appendix 9C of the Main LR and paragraph (16) of Appendix 9C of the ACE LR. As the information is also disclosed in the director's report and financial accounts under the Companies Act 1965, this requirement is not necessary.

***Brief explanation on the depository receipt programme***

- (d) We propose to delete the requirement to disclose a brief explanation on the depository receipt programme sponsored by the listed issuer in paragraph (16) in Part A of Appendix 9C of the Main LR and paragraph (17) of Appendix 9C of ACE LR. As such information is currently required to be announced on an immediate basis under paragraph/Rule 9.19 of the LR<sup>18</sup>, we are of the view that the disclosure in the annual report is not necessary.

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<sup>15</sup> See paragraph/Rule 12.19 of the LR.

<sup>16</sup> See paragraph/Rule 12.20 of the LR.

<sup>17</sup> See paragraph/Rule 12.21 of the LR.

<sup>18</sup> See paragraph 9.19(42) of the Main LR and Rule 9.19(43) of the ACE LR.

***Particulars of sanctions and/or penalties imposed by the relevant regulatory bodies***

- (e) We propose to remove the disclosure of particulars of all sanctions and/or penalties imposed on the listed issuer and its subsidiaries, directors or management by the relevant regulatory bodies in paragraph (17) in Part A of Appendix 9C of the Main LR and paragraph (18) of Appendix 9C of ACE LR.
- (f) As discussed in Proposal 1.3 above, a listed issuer will be required to disclose the list of convictions for offences within the past 5 years, and particulars of any public sanction or penalty imposed on its key senior management, directors and chief executive. This covers the disclosure of sanctions or penalties imposed on directors or management required under paragraph (17) in Part A of Appendix 9C of the Main LR and paragraph (18) of Appendix 9C of the ACE LR.
- (g) As for the disclosure of sanctions or penalties imposed on the listed issuer or its subsidiaries, we believe that such disclosure can come within the ambit of paragraph/Rule 9.03 of the LR where a listed issuer must make immediate announcement of any information it determines to be material<sup>19</sup>.
- (h) In view of the above, the existing requirement in paragraph (17) in in Part A of Appendix 9C of the Main LR and paragraph (18) of Appendix 9C of the ACE LR is unnecessary.

***Information relating to a deviation***

- (i) We propose to delete the requirement to disclose an explanation of the 10% difference in the results of the financial year compared with any profit estimate, forecast or projection or unaudited results previously made or released by the listed issuer ("**deviation**"), and a reconciliation of the deviation, in paragraph (19) in Part A of Appendix 9C of the Main LR and paragraph (20) of Appendix 9C of ACE LR. This is because the information is already required to be disclosed via an immediate announcement under paragraph/Rule 9.19 of the LR<sup>20</sup> and in the notes to quarterly report<sup>21</sup>. As timely disclosure is important, we believe that the disclosure of the deviation on an immediate basis is more appropriate. Hence, it is not necessary to repeat the same information in the annual report.

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<sup>19</sup> Paragraph/Rule 9.03(2) of the LR stipulates that an information is considered material if it is reasonably expected to have a material effect on the price, value or market activity of any of its securities; or investor's decision in determining his choice of action.

<sup>20</sup> See paragraphs 9.19(34) and (35) of the Main LR and Rules 9.19(35) and (36) of the ACE LR.

<sup>21</sup> See paragraph 5(a) of Appendix 9B of the LR.

- (j) Consequential to the proposed deletion of the deviation in the annual report, we will also amend paragraph 9.19(34) of the Main LR and Rule 9.19(35) of the ACE LR to require immediate announcement of any deviation of 10% or more between the profit after tax and minority interest stated in the profit estimate, forecast or projection previously announced or disclosed in a public document, and the **announced financial statements** (instead of only the announced unaudited financial statements). This means that the announcement of the 10% deviation will cover deviation arising from a comparison between the profit after tax and minority interest in the profit estimate, forecast or projection and both the audited and unaudited financial statements.

***Information on shortfall in profit guarantee***

- (k) We propose to remove the disclosure of information relating to any shortfall in the profit guarantee received by the listed issuer in the financial year as compared with the profit guarantee (if any) (“**shortfall**”) and steps taken to recover the shortfall in paragraph (20) in Part A of Appendix 9C of the Main LR and paragraph (21) in Appendix 9C of ACE LR.
- (l) Instead, we propose to enhance the requirement under a new paragraph 9.19(36A) of the Main LR and Rule 9.19(37A) of the ACE LR to require disclosure of the shortfall on an immediate basis as we believe that the information is more pertinent at the material time for shareholders or investors to make informed investment decisions. This is aligned with the approach for disclosure of deviation as discussed above.
- (m) Further, similar information is currently disclosed in the notes to the quarterly report<sup>22</sup>. In view of this, the existing disclosure requirement in the annual report is unnecessary.

***Audit committee’s verification of allocation pursuant to a Share Issuance Scheme<sup>23</sup>***

- (n) We propose to delete the disclosure of a statement by the audit committee in relation to the allocation of options or shares pursuant to a Share Issuance Scheme in paragraph (26) in Part A of Appendix 9C of the Main LR and paragraph (27) of Appendix 9C of ACE LR. Currently, a listed issuer is required to ensure that allocation of options pursuant to a Share Issuance Scheme is verified by the audit committee, as being in compliance with the criteria for allocation, at the end of each financial year<sup>24</sup>. As there is already an express obligation imposed on the audit committee, we are of the view that the disclosure by the audit committee may not be of value add to shareholders as such statement will typically state that the audit committee has verified the allocation.

<sup>22</sup> See paragraph 5(b) of Appendix 9B of the LR.

<sup>23</sup> Paragraph/Rule 1.01 of the LR defines “Share Issuance Scheme” to mean **a scheme involving a new issuance of shares to the employees.**

<sup>24</sup> See paragraph 8.17(2) of the Main LR and Rule 8.19(2) of the ACE LR.

**Proposal 1.6 – Issues for Consultation**

12. Do you agree with the proposed deletions in the annual report as set out in paragraph 27 above as follows:
- (a) information relating to share buy-backs for the financial year [paragraph 27(a) above];
  - (b) information on the amount of options or convertible securities issued by the listed issuer which are exercised during the financial year [paragraph 27(c) above];
  - (c) a brief explanation on the depository receipt programme sponsored by the listed issuer [paragraph 27(d) above];
  - (d) particulars of all sanctions and/or penalties imposed on the listed issuer and its subsidiaries, directors or management by the relevant regulatory bodies [paragraph 27(e) above];
  - (e) information relating to a deviation and a reconciliation of the deviation [paragraph 27(i) above];
  - (f) information on shortfall in the profit guarantee [paragraph 27(k) above]; and
  - (g) statement by the audit committee in relation to the allocation of options or shares pursuant to a Share Issuance Scheme [paragraph 27(n) above].

Please state the reasons for your views.

13. Is there any other information which should be deleted from the annual report? Please provide your suggestions together with your reasons.

**[End of Part 1]**



## PART 2 PROPOSED ENHANCEMENTS TO IMPROVE SHAREHOLDER ENGAGEMENT AND STRENGTHEN CORPORATE GOVERNANCE PRACTICES OF LISTED ISSUER

Effective engagement and participation by shareholders in the listed issuers that they invest in is an important means through which shareholders may influence change in corporate behaviour and improve corporate governance standards, thereby improve the value of their ownership.

With this in mind, we seek to improve shareholder engagement and participation in this review through improving the effectiveness of shareholders' exercise of voting powers and the flow of information between the listed issuer and shareholders particularly the discussions at annual general meetings.

Our proposals are discussed in greater detail below.

### Proposal 2.1

Description	Affected Provision(s)	
	Main LR	ACE LR
Requiring any vote of securities holders at any general meeting to be taken by poll	<ul style="list-style-type: none"> <li>▪ Appendix 4A, paragraphs (3) and (4)</li> <li>▪ Appendix 4B, paragraphs (3) and (4)</li> <li>▪ Appendix 4B-A, paragraphs (2) and (3)</li> <li>▪ Paragraph 7.18</li> <li>▪ Paragraph 7.19</li> <li>▪ New paragraph 8.29A</li> <li>▪ Paragraph 9.19(7)</li> <li>▪ Paragraph 10.08(7A)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rule 7.18</li> <li>▪ Rule 7.19</li> <li>▪ New Rule 8.31A</li> <li>▪ Rule 9.19(7)</li> <li>▪ Rule 10.08(7A)</li> </ul>

28. The right to vote at general meetings is an effective means for shareholders to safeguard their own interests. Voting is a mechanism which provides shareholders the right to an external check on the board and management of the listed issuer. Among others, it allows shareholders the right to accept or reject proposals of the board as regards the structure, ownership and management of the listed issuer.

29. In Malaysia, apart from related party transactions, most resolutions passed at general meetings of listed issuers are voted upon by a show of hands. The method is generally favoured as it is informal and expeditious. Voting by show of hands essentially means that each member attending the general meeting has one vote on each resolution.
30. However, this method has been viewed as unfair to shareholders as it does not represent the shareholding position of the shareholders and goes against the 1 share 1 vote principle.
31. Voting by poll, on the other hand, promotes transparency of the voting process. It ensures a more accurate account of the votes because each vote per share will be computed and announced at the meeting. In this regard, proponents of corporate governance and institutional investors have recommended that voting by poll should be made mandatory.
32. Given the above, we had, in 2012, enhanced the LR to mandate poll voting for related party transactions which requires specific shareholder approval<sup>25</sup> as a start. The Malaysian Code of Corporate Governance 2012 issued by the SC ("**MCCG 2012**") also recommends that the board of a listed issuer should recommend poll voting especially for substantive resolutions<sup>26</sup>.
33. With the passage of time and in tandem with the growing investor expectation for better exercise of shareholder rights and greater transparency on voting, we are of the view that it is appropriate to reconsider this matter. In this respect, we observed that regional jurisdictions are already requiring voting by poll either for all resolutions<sup>27</sup> or all resolutions with certain exceptions<sup>28</sup>.
34. We noted that although generally listed issuers are not against the idea of poll voting, they would like to see a more cost effective and efficient manner to undertake poll voting. The infrastructure and tools to facilitate poll voting such as electronic voting should be available in the market at a reasonable cost.
35. Since the implementation of the poll voting requirement for related party transactions and the recommendation for poll voting in the MCCG 2012, there has been progress in the availability of electronic voting services. We note that there are external company secretarial firms which are providing the electronic voting services in the following manner:
  - (a) Polling forms with specific bar codes are provided to shareholders. A bar code machine is used to scan the polling forms with the votes by shareholders.

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<sup>25</sup> See paragraph/Rule 10.08(7A) of the LR.

<sup>26</sup> See Recommendation 8.2 and the Commentary in the MCCG 2012.

<sup>27</sup> This is the approach taken by SGX.

<sup>28</sup> This is the approach taken by the HKEx and discussed in greater detail in footnote 32 below.

- (b) Polling stations or kiosks are set up and equipped with computers or laptops. Shareholders are provided wristbands which are scanned at the polling stations or kiosks before they are allowed to vote using the computers or laptops.
  - (c) Handheld electronic keypads which links a shareholder to his/her individual voting rights based on the size of his/her shareholding are provided to shareholders. This method allows the progress of the voting to be monitored electronically and upon conclusion of the voting, the results are ascertainable instantaneously.
36. We also understand that the costs for the electronic voting services are estimated to be in the range of RM10,000 to RM20,000, subject to, among others, the number of shareholders attending or resolutions proposed, at the general meeting. We believe that such costs are not prohibitive to our listed issuers, regardless of their size.
37. The availability and development of electronic voting services should help provide a practical solution to the listed issuers' concerns on administrative and logistic matters related to poll voting and thereby minimising any disruption to the general meetings. We are of the view that greater shareholder participation brought about by poll voting will serve to further enhance the corporate governance of our listed issuers and on balance, this benefit outweighs the additional administrative cost and considerations which poll voting may entail, if any.
38. For the reasons stated above, we propose to amend the LR to require the following:
- (a) **any vote of securities holders** at any general meeting must be **taken by poll**;
  - (b) the appointment of **at least 1 independent scrutineer** to validate the votes cast at the general meeting; and
  - (c) the **announcement** of the **name of the independent scrutineer** together with the poll results (as currently required), immediately after the general meeting.
39. In arriving at the above proposals, we had considered whether to exclude administrative and procedural matters from the requirement for poll voting<sup>29</sup> but decided not to proceed with such exclusion as the definition of "administrative" or "procedural" is subjective and this may lead to issues of whether the listed issuer has correctly classified a matter as administrative or procedural in nature. Even if a definition was provided for "administrative and procedural matters", there may not be much value or benefit to listed issuers to exclude such matters from poll voting particularly where the definition covers only limited circumstances. Further, we believe that there should not be any additional burden to extend poll voting to all resolutions given the availability and affordability of the

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<sup>29</sup> This is the approach taken by HKEx in their Listing Rules [Rule 13.39(4)] where poll voting is mandated for all resolutions except those which relates purely to procedural or administrative (i.e. matters not on the agenda of the general meeting and matters which relate to the chairman's duties to maintain orderly conduct to the general meeting and/or allow the business of the meeting to be properly and effectively dealt with).

electronic voting services. In view of this, we propose to require poll voting for all resolutions. This is on par with the approach taken in Singapore.

40. We believe that, moving forward, mandatory voting by poll will effectively serve to streamline the voting process in a fair and transparent manner, as well as promote greater shareholder discussion and involvement in the affairs of the listed issuer. This will in turn, further enhance corporate governance of listed issuers.
41. In addition to the above, we will also be making consequential changes arising from the proposal to mandate poll voting for all resolutions as set out in paragraph 38(a) above by removing the requirements relating to voting on a show of hands in the trust deeds of a real estate investment trust, exchange-traded fund and issuer of Exchange Traded Bonds<sup>30</sup>, as well as the articles of associations of a listed corporation.

**Proposal 2.1 – Issues for Consultation**

14. Do you agree with the proposal that any vote of securities holders at any general meeting must be taken by poll [paragraph 38(a) above]?

Please state the reasons for your views.

15. Do you agree that at least 1 independent scrutineer must be appointed to validate the votes cast at the general meeting [paragraph 38(b) above]?

Please state the reasons for your views.

16. Do you agree that the name of the independent scrutineer must be announced together with the poll results immediately after the general meeting [paragraph 38(c) above]?

Please state the reasons for your views.

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<sup>30</sup> Paragraph 4B.02(a) of the Main LR defines “**Exchange Traded Bonds**” to mean the sukuk or debt securities which are listed and quoted for trading on the Exchange.

**Proposal 2.2**

Description	Affected Provision(s)	
	Main LR	ACE LR
Requiring minutes of annual general meetings to be uploaded onto the listed issuer's website as soon as practicable after the annual general meetings	<ul style="list-style-type: none"> <li>▪ Paragraph 9.21(2)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rule 9.21(2)</li> </ul>

42. Presently, the CD Guide provides as a best practice that a listed issuer should upload the minutes of general meetings (which should include substantial and pertinent comments or queries from shareholders relating to the agenda of the meeting, and responses from the board and management) onto its website.
43. Based on the findings in the Malaysia-ASEAN Corporate Governance Report 2014 issued by the Minority Shareholder Watchdog Group<sup>31</sup>, it was noted that there is a growing trend of listed issuers publishing their minutes of annual general meeting (“AGM”). In 2014, 3% of the listed issuers assessed published their minutes of AGM voluntarily compared with 1% in 2013. Notwithstanding the improving numbers, it was also noted that this is still a relatively low figure compared to the regional peers.
44. Hence, in order to improve the practices of our listed issuers to be on par with their regional counterparts, we propose to codify in the LR, the best practice of posting the minutes of general meeting onto the corporate website. In this regard, we propose to require a listed issuer to publish its minutes of AGM onto its website as soon as practicable after the AGM, to ensure that all shareholders (including those who are unable to attend the AGM) are apprised of the discussions during the AGM including substantial and pertinent comments or queries raised by the shareholders who were present and the responses from the board and management.
45. We believe that this promotes transparency of the proceedings at AGMs and better shareholder engagement especially for the shareholders who are unable to attend the AGMs.

**Proposal 2.2 – Issues for Consultation**

17. Do you agree with the proposal to require listed issuers to publish its minutes of AGM onto its website as soon as practicable after the AGM [paragraph 44 above]?

Please state the reasons for your views.

**[End of Part 2]**

<sup>31</sup> The full report is available at [http://www.mswg.org.my/files/editor\\_files/file/publication/Malaysia-ASEAN\\_Corporate\\_Governance\\_Report\\_2014\\_upload.pdf](http://www.mswg.org.my/files/editor_files/file/publication/Malaysia-ASEAN_Corporate_Governance_Report_2014_upload.pdf).

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## PART 3 PROPOSED ENHANCEMENTS TO ALIGN WITH INTERNATIONAL STANDARDS OF AUDITING RELATING TO KEY AUDIT MATTERS AND GOING CONCERN

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A set of new and revised international standards of auditing relating to key audit matters<sup>32</sup> and going concern<sup>33</sup> were recently issued by the Malaysian Institute of Accountants (collectively “**the Standards**”) to enhance the informative value of the auditors’ report by providing further insights into the audit of a listed issuer’s financial statements. Some of the key changes arising from the Standards include, among others, the following:

- (a) inserting in the auditor’s report, a new section on matters that the auditor views as most significant in the audit (“**key audit matters**”) and communicated to Those Charged with Governance (“**TCWG**”)<sup>34</sup> of the listed issuer. In determining the key audit matters, the auditor is required to explicitly consider<sup>35</sup> –
  - (i) areas of higher assessed risks of material misstatement, including significant risks;
  - (ii) significant auditor judgements relating to areas in the financial statements that involved significant judgement, including accounting estimates that have been identified as having high estimation uncertainty; and
  - (iii) the effect on the audit of significant events or transactions that occurred during the period; and
- (b) giving greater prominence to issues of going concern in the auditor’s report by highlighting in a separate section, any material uncertainty about the listed issuer’s ability to continue as a going concern.

The Standards take effect for audits of financial statements for periods ending on or after 15 December 2016.

It is expected that with the implementation of the Standards, this will result in increased transparency and audit quality, renewed auditor focus on matters to be reported in the auditor’s report, increased attention by the TCWG on the disclosures in the financial statements and greater shareholder and investor confidence in the audit reports and financial statements.

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<sup>32</sup> See ISA 701 on “Communicating Key Audit Matters in the Independent Auditor’s Report”.

<sup>33</sup> See ISA 570 (Revised) on “Going Concern”.

<sup>34</sup> Examples of TCWG include the audit committee, the board of directors or the management of the listed issuer.

<sup>35</sup> See paragraph 9 of ISA 701 at page 4.

In light of the developments above and the impact arising from the Standards, we have reviewed the LR and proposed certain enhancements to promote greater transparency of material matters highlighted in the auditor’s report and to strengthen the role of the audit committee when it reviews financial statements. The proposals are discussed in greater detail below and should be read in the context of the implementation and impact of the Standards.

**Proposal 3.1**

Description	Affected Provision(s)	
	Main LR	ACE LR
Requiring immediate and periodic disclosures of matters that require significant auditor’s attention and matters relating to going concern, together with steps taken to address them	<ul style="list-style-type: none"> <li>▪ Paragraph 9.19(37)</li> <li>▪ Appendix 9B, Part A, paragraph 15</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rule 9.19(38)</li> <li>▪ Appendix 9B, paragraph 15</li> </ul>

46. Currently, a listed issuer is required to immediately announce any qualification in an external auditor’s report together with the details of such qualification<sup>36</sup>.
47. In addition to this, the listed issuer is also required to disclose in its quarterly report, any qualification contained in its preceding annual financial statements and the current status of the matters giving rise to the qualification for the current quarter and financial year to date<sup>37</sup>.
48. Given that key audit matters and going concern are given more prominence in the auditor’s report pursuant to the Standards, likewise, we propose that in addition to the announcement of any qualification together with the details of the qualification above, a listed issuer must also -
- (a) announce any material uncertainty related to going concern or any other emphasis of matter which highlights events that may affect the listed issuer’s ability to continue as going concern, as contained in the external auditor’s report, if any; and
  - (b) give full details of such qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer’s ability to continue as going concern including the following:
    - (i) all key audit matters disclosed in the external auditors’ report;

<sup>36</sup> See paragraph 9.19(37) of the Main LR and Rule 9.19(38) of the ACE LR.

<sup>37</sup> See paragraph 15 in Part A of Appendix 9B of the Main LR and paragraph 15 of Appendix 9B of the ACE LR.

- (ii) steps taken or proposed to be taken to resolve the issues highlighted in the qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern (if any); and
- (iii) the timeline for the steps referred to in paragraph (ii) above.

49. Similarly, we also propose to enhance the contents of the quarterly report to draw attention to the key audit matters and going concern issues. As such, in addition to the current requirement for disclosure of a qualification and the current status of the matters giving rise to the qualification, a listed issuer must include the following in its quarterly report:

- (a) a material uncertainty related to going concern or any other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern, if the audit report in its preceding annual financial statements contained such disclosures; and
- (b) the status of the following matters for the current quarter and financial year to date:
  - (i) the matter(s) giving rise to the qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern, including all key audit matters disclosed in the audit report; and
  - (ii) the steps taken (if any) to address the issues until such time when the issues are resolved.

50. Apart from complementing the disclosures in the annual financial statements, we believe that the proposals above will serve to further emphasise the matters to shareholders and investors as well as provide them with a complete and updated information to enable better investment decision-making.

**Proposal 3.1 – Issues for Consultation**

18. Do you agree with the proposal to require **immediate announcement** of -
- (a) material uncertainty related to going concern or any other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern, as contained in the external auditor's report, if any (in addition to any qualification) [paragraph 48(a) above]; and
  - (b) full details of such qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern including the following [paragraph 48(b) above]:



- (i) all key audit matters disclosed in the external auditors' report;
- (ii) steps taken or proposed to be taken to resolve the issues highlighted in the qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern (if any); and
- (iii) the timeline for the steps referred to in paragraph (ii) above?

Please state the reasons for your views.

19. Do you agree with the proposal to disclose the following matters in the **quarterly report** of a listed issuer (in addition to the disclosure of a qualification and the status of the matters giving rise to the qualification):

- (a) a material uncertainty related to going concern or any other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern, if the audit report in the preceding annual financial statements contained such disclosures [paragraph 49(a) above]; and
- (c) the status of the following matters for the current quarter and financial year to date [paragraph 49(b) above]:
  - (j) the matter(s) giving rise to the qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern, including all key audit matters disclosed in the audit report; and
  - (iv) the steps taken (if any) to address the issues until such time when the issues are resolved?

Please state the reasons for your views.

20. Is there any other information that should be included or removed when the listed issuer makes the immediate announcement or disclosures in the quarterly reports above?

**Proposal 3.2**

Description	Affected Provision(s)	
	Main LR	ACE LR
Strengthening the role of the audit committee when reviewing financial statements and enhancing transparency of the audit committee's role in the audit committee report	<ul style="list-style-type: none"> <li>▪ Paragraph 15.12(1)(g)</li> <li>▪ Paragraph 15.15(3)(d)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rule 15.12(1)(g)</li> <li>▪ Rule 15.15(3)(d)</li> </ul>

51. A critical role of an audit committee is to oversee the integrity of a listed issuer's financial reports. In this regard, the LR currently requires a listed issuer to ensure that its audit committee reviews and reports to the board of directors of the listed issuer, the quarterly results and year-end financial statements focusing particularly on –
- (a) changes in or implementation of major accounting policy changes;
  - (b) significant and unusual events; and
  - (c) compliance with accounting standards and other legal requirements<sup>38</sup>.
52. As mentioned above, it is expected that with the implementation of the Standards, there will be increased transparency on the audit performed by the auditors, particularly on key audit matters and going concern, in the auditor's report. On the part of the listed issuer, there will be greater focus being given by the TCWG on the disclosures made in the financial statements. In view of this, we propose to expand the function of the audit committee when it reviews the quarterly results and annual audited financial statements by requiring the audit committee to also focus on significant financial reporting issues and judgments and how these matters are addressed.
53. As the information given in the financial statements of a listed issuer is important to shareholders and investors, it is essential that there are the necessary checks and balance in place within the listed issuer to ensure that such information, particularly significant statements of beliefs and judgements made by management, is reviewed and adequately addressed. This proposal is also in line with the practices in benchmarked jurisdictions (i.e. Hong Kong, Singapore, Australia and United Kingdom).
54. Further to the above, we also propose to enhance the contents of the audit committee report by requiring the audit committee to disclose how it has met its responsibilities in discharging its functions and duties for the financial year. This proposal is in addition to the current disclosure of the summary of the audit committee's work in the discharge of its functions and duties<sup>39</sup>.

<sup>38</sup> See paragraph/Rule 15.12(1)(g) of the LR.

<sup>39</sup> This is currently set out in paragraph/Rule 15.15(3)(d) of the LR.

55. The proposal above will ensure that adequate transparency and explanation are given to the work carried out by the audit committee particularly in the review of the listed issuer's financial statements. This, in turn, may enhance shareholder and investor confidence in financial reporting by listed issuers. We also believe that greater transparency encourages best practice where audit committees can learn and adopt successful approaches from their peers.

**Proposal 3.2 – Issues for Consultation**

21. Do you agree with the proposal to extend the function of the audit committee when it reviews the quarterly results and year-end financial statements i.e. by requiring the audit committee to also focus on significant financial reporting issues and judgments and how these matters are addressed [paragraph 52 above]?

Please state the reasons for your views.

22. Is there any other function which you think the audit committee should perform arising from the Standards? Please state the reasons for your views.

23. Do you agree with the proposal to require disclosure in the audit committee report of how the audit committee has met its responsibilities in discharging its functions and duties for the financial year [paragraph 54 above]?

Please state the reasons for your views.

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**Proposal 3.3**

Description	Affected Provision(s)	
	Main LR	ACE LR
Enhancing the Prescribed Criteria concerning the going concern status of a listed issuer	<ul style="list-style-type: none"> <li>▪ Practice Note 17, paragraph 2.1(e)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Guidance Note 3, paragraph 2.1(g)</li> </ul>

56. Currently, a listed issuer will be classified as a PN17 Issuer/GN3 Company<sup>40</sup> if, among others, the auditors have expressed an emphasis of matter on the listed issuer’s ability to continue as a going concern in the listed issuer’s latest audited financial statements and the shareholder’s equity of the listed issuer on a consolidated basis is 50% or less of the issued and paid-up capital (excluding treasury shares) of the listed issuer<sup>41</sup> (“**Going Concern Prescribed Criteria**”).
57. In line with the change in terminology used under the Standards<sup>42</sup> with regards to going concern, we propose to replace “emphasis of matter on the listed issuer’s ability to continue as a going concern” with “**material uncertainty on the listed issuer’s ability to continue as a going concern**”. This amendment is merely consequential in nature.
58. Further to the above, we have also taken the opportunity to review the Going Concern Prescribed Criteria. Given that a listed issuer’s going concern status may potentially affect its cash flow and financial condition, we propose to extend the Going Concern Prescribed Criteria to cover circumstances where the auditors have expressed a **qualification on the listed issuer’s ability to continue as a going concern** in the latest audited financial statements and the shareholders’ equity on the listed issuer on a consolidated basis is 50% or less of its issued and paid-up capital.
59. We believe that it is appropriate to extend the Going Concern Prescribed Criteria as proposed in paragraph 58 above to ensure that the framework for financially distressed listed issuer under the LR is comprehensive and addresses critical instances where the going concern of a listed issuer may be adversely affected. This is to ensure that such listed issuer will undertake a comprehensive regularisation plan to regularise its condition or face the risk of delisting by the Exchange if it fails to do so, to maintain the quality of companies listed on the Exchange.

<sup>40</sup> PN17 Issuer/GN3 Company refers to a financially distressed listed issuer classified under Practice Note 17 of the Main LR or Guidance Note 3 of the ACE LR, as the case may be.

<sup>41</sup> See paragraph 2.1(e) of Practice Note 17 of the Main LR and paragraph 2.1(g) of Guidance Note 3 of the ACE LR.

<sup>42</sup> In particular, see ISA 570 (Revised) on “Going Concern”.

**Proposal 3.3 – Issues for Consultation**

24. Do you agree with the proposal to extend the Going Concern Prescribed Criteria to cover circumstances where the auditors have expressed a **qualification on the listed issuer's ability to continue as a going concern** in the latest audited financial statements and the shareholders' equity on the listed issuer on a consolidated basis is 50% or less of its issued and paid-up capital [paragraph 58 above]?

Please state the reasons for your views.

**[End of Part 3]**

## PART 4 OTHER PROPOSED AMENDMENTS

We propose to make various minor amendments to the LR with the primary objective of providing greater clarity and certainty based on market feedback received as well as our findings and observations arising from our supervision and monitoring activities.

The miscellaneous amendments together with the rationale for the amendments are as set out below.

### PROPOSAL 4.1

Description	Affected Provision(s)	
	Main LR	ACE LR
Other miscellaneous enhancements	Please refer to the table below.	

60. The Exchange proposes the following miscellaneous enhancements:

No.	Paragraph/Rule	Proposal	Rationale
<b>MAIN LR AND ACE LR</b>			
(a)	Appendix 9C, Part A, paragraph (23) of the Main LR.  Appendix 9C, paragraph (24) of the ACE LR.	Removing the phrase “(excluding bare trustees)” from the requirement to disclose the names of the substantial shareholders and their direct and deemed interests in sub-paragraph (a)	Disclosure of substantial shareholding is based on the “interests in shares” as defined in section 6A of the Companies Act 1965. Given that the said section already expressly excludes interest in shares held by bare trustee, the exclusion under the LR is unnecessary.
(b)	Appendix 9C, Part A, paragraph (10); paragraph 15.23; paragraph 15.26(b); and Practice Note 9 of the Main LR.	Clarifying that the statement on internal control of the listed issuer as a group must include “ <b>risk management</b> ”.	This is to provide clarity to listed issuers that internal control includes risk management. Hence, listed issuers must provide a statement that addresses both the state of internal control and risk management.

No.	Paragraph/Rule	Proposal	Rationale
	Appendix 9C, paragraph (10); Rule 15.23, Rule 15.26(b); and Guidance Note 11 of the ACE LR.		This is also in line with the terminology used in in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.
(c)	Paragraphs/ Rules 15.08A(2), 15.11 and 15.15(3)(b) of the LR	<p>(i) Removing from the audit committee report, the requirement for disclosure of a summary of the terms of reference (“<b>TOR</b>”) of the audit committee, or the key functions, roles and responsibilities of the audit committee<sup>43</sup>. Instead, a listed issuer will be required to make available the TOR of the audit committee on the listed issuer’s website.</p> <p>(ii) Similar amendments are proposed with regards to the TOR of the nominating committee.</p>	This is to enhance the quality of audit committee report and nominating committee report by moving static information to the website and also to prevent listed issuers from repeating the TOR when describing the activities of the audit committee and nominating committee.
(d)	Paragraph/ Rule 15.20 of the LR.	Clarifying that the review of the terms of office and performance of an audit committee will be carried out by the nominating committee, and amending the timing of such review from once every 3 years to <b>annually</b> .	This is to ensure consistency with the requirements relating to a nominating committee particularly its role in reviewing the performance of the board and board committees, as well as the timing of such review which is subject to disclosure in the annual report (i.e. disclosure on the performance assessment of the board, committees and individual directors).

<sup>43</sup> This is currently set out in paragraph/Rule 15.15(3)(b) of the LR.

No.	Paragraph/Rule	Proposal	Rationale
(e)	Paragraph/Rule 15.19 of the LR	Clarifying that a vacancy due to non-compliance with composition of audit committee <b>and non-compliance with requirement on the election of an independent chairman of the audit committee in the LR<sup>44</sup></b> , must be filled within 3 months.	This is to provide clarity that any appointment of an audit committee member (including the chairman) to fill a vacancy must be done within 3 months.
<b>MAIN LR ONLY</b>			
(f)	Paragraph 9.53(1)(h) of the Main LR	Removing the requirement for a trustee-manager to immediately announce any deviation of 10% or more between the profit after tax and minority interest stated in a profit estimate, forecast or projection previously announced or disclosed in a public document and <u>the audited financial statements</u> , giving an explanation of the deviation and the reconciliation of the deviation.	<p>This is consequential to the proposed enhancement to paragraph 9.19(34) of the Main LR as discussed in paragraph 27(j) above. Under the proposed enhancement, a listed issuer must announce any deviation arising from a comparison in the profit estimate, forecast or projection with the announced audited and announced unaudited financial statements.</p> <p>Hence, the requirement here is redundant as the trustee-manager is already required to comply with the requirements set out in Chapter 9 (which includes the proposed revised 9.19(34) of the Main LR).</p>

[End of Part 4]

<sup>44</sup> Under paragraph/Rule 15.10 of the LR, members of an audit committee must elect a chairman among themselves who is an independent director.



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## **PART 5 AMENDMENTS IN RELATION TO POST LISTING OBLIGATIONS OF MINERAL, OIL AND GAS LISTED ISSUERS**

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The Proposed MOG Amendments are aimed at creating a robust disclosure framework specifically tailored for listed issuers involved in mineral, oil and gas exploration or extraction activities (“**MOG activities**”) post listing.

In formulating the Proposed MOG Amendments, the Exchange is mindful that additional and enhanced disclosures by mineral, oil and gas (“**MOG**”) listed issuers are necessary to keep shareholders updated on the status of the MOG listed issuers’ development and exploration activities in view of the long lead times of these activities before commercial production of MOG reserves commences. Therefore, the Proposed MOG Amendments are aimed at providing investors and shareholders with material, relevant and reliable information to enable them to have a better understanding of the mineral, oil and gas companies’ activities and businesses, in order to make informed investment decisions. In addition, we also seek to ensure that our regulatory framework governing the MOG listed issuer is comparable and on par with international standards.

In 2014, the Exchange had sought feedback from listed issuers and selected industry associations (“**Industry Consultation**”) on the proposed amendments to the Main LR relating to the post-listing disclosure obligations for MOG listed issuers.

Arising from the industry feedback received, including from the existing MOG listed issuers, further benchmarking studies, research and engagement with other market regulators were conducted before we arrived at the Proposed MOG Amendments.

*Note: for the various technical terms used in this Part 5 of the Consultation Paper, please refer to the “Glossary of Mineral, Oil and Gas Terms” contained at the end of this Part 5.*

**Proposal 5.1**

Description	Affected Provision(s) in the Main LR
Prescribing a new definition for an MOG listed issuer	<ul style="list-style-type: none"> <li>▪ Paragraph 1.01</li> </ul>

61. As highlighted during the Industry Consultation, we proposed the definition of an MOG listed issuer as follows:

An MOG listed issuer is a listed issuer –

- (a) whose MOG activities represent 25% or more of the total assets, revenue or operating expenses of the listed issuer, based on the latest published or announced audited financial statements of the listed issuer or audited consolidated financial statements of the listed issuer, if the listed issuer has subsidiaries;
- (b) which has completed an acquisition of a corporation whose core business<sup>45</sup> is in MOG activities where any one of the percentage ratios<sup>46</sup> is 25% or more; or
- (c) which has completed an acquisition of mineral or oil and gas assets where any one of the percentage ratios is 25% or more.

As the enhanced disclosure obligations are meant to apply to MOG listed issuers which carry out MOG activities, the proposed definition excludes listed issuers which purely provide services or equipment to other corporations engaged in such core business.

62. We had sought feedback on the definition of an MOG listed issuer during the Industry Consultation. In response to this consultation we received various alternative proposals from the market, including increasing the threshold of 25% to 50% or more, or that the threshold should be based on a tiered approach, depending on the size of the market capitalisation of the listed issuer instead. We take note of the feedback from the market. However, we are of the view that it is more appropriate to set the threshold at 25% or more based on the following considerations:

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<sup>45</sup> Core business means ‘the business which provides the principal source of operating revenue or after-tax profit to a corporation and which comprises the principal activities of the corporation and its subsidiary companies’ as set out in paragraph 1.01, Chapter 1 of the Main LR.

<sup>46</sup> Percentage ratios are the figures expressed in percentage that denote the materiality of a transaction. Paragraph 10.02(g) of the Main LR prescribes 8 methods of calculating the percentage ratios.

- (a) A business activity which represents 25% of the total assets, revenue or operating expenses is regarded as material for the purposes of assessment of investability, performance and prospects of a listed issuer. This is also on the basis that shareholder approval is required when entering into a material transaction and thus promotes continuity of disclosures after such transaction is completed;
  - (b) the MOG sector is high risk and volatile. Therefore, it would be more appropriate to set a prudent disclosure threshold;
  - (c) the disclosure framework post listing is aligned with the SC as the SC proposes to require enhanced disclosures in prospectus or introductory document for a listing applicant which has significant operations in MOG businesses i.e. when its MOG activities represent 25% or more of the group total assets, revenue or operating expenses. Thus, 25% is an appropriate threshold for post listing disclosure purposes, to ensure that shareholders are kept apprised of the development of a listed issuer's MOG activities, which is crucial for them to make informed investment decisions; and
  - (d) the threshold is benchmarked with similar requirements found in Hong Kong and South Africa.
63. We would like to highlight that the threshold of 50% or more proposed by the SC in SC's MOG Consultation Paper is aimed at providing some flexibilities to the listing of a company whose primary activity is to carry out exploration and extraction of MOG resources<sup>47</sup>, subject to compliance with additional conditions imposed by SC. Such threshold is not appropriate to be adopted for purposes of transaction post listing, under the Main LR based on the reasons stated above.

**Proposal 5.1 – Issues for Consultation**

25. Do you agree with the above proposed definition of a 'mineral, oil and gas listed issuer'?

Please state the reasons for your views.

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<sup>47</sup> Pursuant to the SC's MOG Consultation Paper, a listing applicant whose primary activity is MOG is allowed to apply for a waiver from the admission requirement under the market capitalisation test for at least 1 full financial year or operating revenue and positive cash flow from operating activities, subject to compliance with additional conditions imposed by SC.

**Proposal 5.2**

***Continuity of Enhanced Disclosure Obligations***

64. We are maintaining our earlier proposal as presented during the Industry Consultation that the enhanced disclosure requirements should continue to apply to a listed issuer which has completed an acquisition of a corporation whose core business is in MOG activities or mineral or oil and gas assets, if any one or more of the percentage ratios in relation to the acquisition triggers is 25% or more at the time of the transaction, regardless of the subsequent contribution of such activities to the listed issuer in terms of its total assets, revenue or operating expenses.
65. We received various alternative proposals in relation to when the disclosure obligations of an MOG listed issuer should cease. Notwithstanding industry feedback, we believe that the enhanced disclosure requirements should continue to apply to a listed issuer which has completed an acquisition of mineral or oil and gas assets or a corporation whose core business is in MOG activities, if any one or more of the percentage ratios in relation to the acquisition is 25% or more at the time of transaction, regardless of the subsequent contribution of such activities to the listed issuer in terms of its total assets, revenue or operating expenses. This is to ensure continuity in reporting and information released to shareholders and the investing public.
66. With regard to some of the industry feedback that the MOG activities may become insignificant to a listed issuer subsequently, rendering the continuous disclosure or reporting requirements on its MOG activities irrelevant and immaterial, the Exchange recognises that this is a valid concern. Therefore, the Exchange proposes that such listed issuer may seek a waiver from complying with the Proposed MOG Amendments once its MOG activities no longer form a substantial part of its operations nor contribute significantly in terms of its total assets, revenue or operating expenses. The Exchange will consider all facts and circumstances before allowing an MOG listed issuer to be relieved from the continuing disclosure requirements specific to MOG listed issuers, to ensure that investors' and shareholders' interest are not compromised.

**Proposal 5.2 – Issues for Consultation**

26. Do you agree with our proposal that the enhanced disclosure requirements should continue to apply to a listed issuer which has completed an acquisition of mineral or oil and gas assets or a corporation whose core business is in MOG exploration or extraction activities, if any one or more of the percentage ratios in relation to the acquisition is 25% or more at the time of transaction, regardless of the subsequent contribution of such activities to the listed issuer in terms of its total assets, revenue or operating expenses?

Please state the reasons for your views.

**Proposal 5.3**

Description	Affected Provision(s) in the Main LR
Prescribing enhanced items for immediate announcements by an MOG listed issuer	<ul style="list-style-type: none"> <li>▪ Paragraph 9.36</li> <li>▪ New paragraph 9.56</li> <li>▪ New paragraph 9.57</li> <li>▪ New Practice Note 32</li> </ul>

67. We propose that an MOG listed issuer must immediately announce to the Exchange the following:
- (a) any material exploration results;
  - (b) any material discovery of new MOG reserves or resources;
  - (c) any material change to MOG reserves or resources published or announced previously;
  - (d) any report of MOG reserves or resources prepared by a competent person;
  - (e) any decision to abort material MOG activity and the rationale for the decision;
  - (f) any change in the acceptable reporting standard adopted, including the reasons for the change and the impact, if any, on the level of MOG reserves and resources published or announced previously; and
  - (g) any appointment of a new competent person or competent valuer.
68. We further propose that an announcement by an MOG listed issuer containing any material exploration results, any material discovery of new resources or reserves and any material changes to MOG resources or reserves published or announced previously must state that it is based on, and fairly represents information and supporting documentation prepared by a named competent person and include the name of the recognised professional organisation which has admitted the competent person as a member.
69. The MOG listed issuer must make available a copy of the competent person’s report for inspection at its registered office as soon as practicable from the date of announcement.
70. For purposes of immediate announcements, the competent person does not need to be independent, and may be an employee of the MOG listed issuer. However, the competent person must meet the requirements as stipulated in the Main LR.

71. After taking into consideration some of the feedback received during the Industry Consultation, the Exchange proposes that only a material discovery of new mineral or oil and gas reserves or resources and any decision to abort material mineral, oil and gas activity and the rationale for the decision are required to be announced immediately. We agree that an MOG listed issuer should avoid making promotional disclosures relating to its reserves or resources and that only significant disclosures are made to facilitate shareholders in making informed investment decisions.
72. The proposed requirement to announce the appointment of a new competent person or competent valuer is made arising from industry feedback. The same requirement is also found in Singapore.
73. We took note of some of the feedback received from the Industry Consultation that an MOG listed issuer should not be required to make a copy of the full competent person's report available for inspection at its registered office as soon as practicable from the date of announcement. This is due to the concern that it may jeopardise the competitive advantage of the MOG listed issuer and result in the MOG listed issuer incurring additional costs. However, we are of the view that the full report is necessary to promote greater transparency and to avoid the danger of oversimplification of salient information which may be important for investors to make informed investment decisions. Investors who are unable to comprehend or digest the technical competent person's report should seek professional advice instead. The Exchange wishes to highlight that this proposal is aligned with those adopted by the other benchmarked jurisdictions such as Hong Kong and Australia. Additionally, this approach is also consistent with the Exchange's treatment of other types of technical reports for e.g. valuation reports of real estate.

**Proposal 5.3 – Issues for Consultation**

27. Do you have any comment on our proposal to require an MOG listed issuer to make immediate announcements on the additional items in new paragraph 9.57(1) and as set out in paragraph 67 above?

Please state the reasons for your views.

28. In addition to the events set out in paragraph 9.57(1) of the Main LR, is there any other specific event which warrants an immediate announcement by an MOG listed issuer?

**Proposal 5.4**

Description	Affected Provision(s) in the Main LR
Prescribing additional items for quarterly reports and annual reports released by an MOG listed issuer	<ul style="list-style-type: none"> <li>▪ Paragraph 9.58</li> <li>▪ Paragraph 9.59</li> <li>▪ Appendix 9B, New Part D</li> <li>▪ Appendix 9C, New Part D</li> </ul>

74. In addition to the current requirements for quarterly reports and annual reports, we propose that an MOG listed issuer must also include a description of its exploration, development and production activities and a summary of expenditure incurred on such activities for the period under review in its quarterly report. If there has been no exploration, development or production activity, the MOG listed issuer is to issue a statement to that effect.
75. For annual reports, the MOG listed issuer is required to provide a summary of its MOG resources or reserves and an update of the same in accordance with an acceptable reporting standard, if any, at the end of the financial year and a comparison with the reserves or resources reported in the previous year in addition to the requirements in paragraph 74 above.
76. We do not propose to mandate the MOG listed issuer to support the summary or update of its MOG resources or reserves referred to above with a competent person’s report. It will be left to the MOG listed issuer to determine whether the engagement of a competent person is necessary for such purpose. This approach is similar to the requirements of the Stock Exchange of Hong Kong (“**HKEx**”), whilst Singapore Exchange (“**SGX**”) requires the summary of reserves and resources to be supported by a qualified person’s report.
77. Given the fact that all updates of mineral or oil and gas reserves and resources must be made in accordance with a prescribed international reporting standard and that any material change to the resources or reserves would have been announced to the Exchange earlier (which must be supported by a competent person’s report), investors should be able to place reasonable reliance on the disclosures made in the annual reports, even in the absence of a competent person’s report.
78. The above proposals are aimed at providing shareholders and investors with periodic updates on the status of the MOG activities of their investee companies, in order for them to make informed investment decisions.

**Proposal 5.4 – Issues for Consultation**

29. Apart from the information set out in Part A of Appendix 9B of the Main LR, do you agree with our proposal to require the additional information in the quarterly reports of an MOG listed issuer as described in paragraph 74 above and set out in Part D of Appendix 9B? Please state the reasons for your views.

30. Apart from the information set out in Part A of Appendix 9C of the Main LR, do you agree with our proposal to require the additional information in the quarterly reports of an MOG listed issuer as described in paragraphs 74 and 75 above and set out in Part D of Appendix 9C?

Please state the reasons for your views.

31. Do you agree with our proposal that the summary or update of mineral, oil and gas resources and reserves in the annual report would not require the support of a competent person's report?

Please state the reasons for your views.

**Proposal 5.5**

Description	Affected Provision(s) in the Main LR
Prescribing enhanced disclosures for transactions involving the acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG exploration or extraction activities	<ul style="list-style-type: none"> <li>▪ New paragraph 10.15</li> <li>▪ Appendix 10A, New Part J</li> <li>▪ Appendix 10B, New Part K</li> </ul>

79. We propose enhancing the disclosures in announcements to the Exchange and circulars to shareholders for transactions involving the acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG activities, where any one of the percentage ratios of either transaction is 25% or more.

Announcements to the Exchange

80. When announcing a proposed acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG activities where any one of the percentage ratios of either transaction is 25% or more to the Exchange, we propose requiring a listed issuer to include the following information in its announcement:

- (a) the total size of the concession area and the location of the mineral or oil and gas exploration or production operation;
- (b) the salient features of the contractual arrangements entered into (for example concessions, licenses or production sharing contracts and etc.) in respect of the mineral or oil and gas exploration or production operation;
- (c) the total financing required and source of funds for the mineral or oil and gas exploration or production operation; and



- (d) the value of the mineral or oil and gas assets together with the basis of such valuation.

Circulars to Shareholders

81. In relation to the circular to shareholders for a proposed acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG exploration or extraction activities where any one of the percentage ratios of either transaction is 25% or more, we propose requiring the inclusion of the following –

- (a) an independent competent person’s report on the reserves or resources of the mineral or oil and gas assets being acquired or disposed of; and
- (b) an independent competent valuer’s report on the valuation of the mineral or oil and gas assets which are the subject matter of the transaction.

We propose to prescribe criteria to determine the independence of the competent person and competent valuer, where the competent person, competent valuer and their firms must be independent of the listed issuer, its directors, senior management and advisers. Additionally, the competent person, competent valuer and their firms must have no economic or beneficial interest in any of the mineral, or oil and gas reserves or resources being reported on and not be remunerated with a fee dependent on the findings of the competent person’s report or competent valuer’s report.

82. We further propose that a listed issuer must include additional salient information pertaining to the mineral or oil and gas assets in its circular to aid shareholders to make informed decisions. We propose that the additional information set out in the announcement to the Exchange in paragraph 81 above be reproduced in the circular to shareholders together with the inclusion of the following additional salient information:-

- (a) the full name and professional qualifications, years of relevant experience, membership and details of recognised professional organisations of the competent person and competent valuer;
- (b) details of the development expenditure incurred to date;
- (c) the risks in relation to the mineral or oil and gas exploration or production operations which could materially affect the listed issuer.

83. The specific disclosure requirements proposed in relation to transactions involving the acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG exploration or extraction activities in both the announcements and circular to shareholders are aimed at equipping shareholders with all the salient information with regard to their investee companies’ risks and opportunities in their MOG venture, so that they can make informed decision whether to approve the transaction or otherwise.

84. The Exchange is also mindful of the fact there might be confidentiality issue involved in the disclosure of some of the contractual arrangements entered into by an MOG listed issuer with the relevant countries or state authorities, where written consent must be obtained before any disclosure of such arrangements can be made. Therefore, the prescribed contents of the disclosure requirements proposed under the Main LR combine both a prescriptive and principle-based approach. Whilst an MOG listed issuer is required to disclose the salient information pertaining to the transaction, the listed issuer is also able to determine the extent of disclosure made as long as the disclosure is clear, accurate and sufficient for shareholders to make informed decision. This is aimed at granting flexibility to MOG listed issuers to provide the disclosure to the extent possible without compromising on the quality of disclosures made.

**Proposal 5.5 – Issues for Consultation**

32. In a transaction involving the acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG activities, where the percentage ratio is 25% or more, the Exchange proposes to require a listed issuer to make an announcement, which should include the additional information as set out in Part J of Appendix 10A of Main LR and as described in paragraph 80 above.

- (a) Do you agree with our proposal to include the additional information as set out in Part J of Appendix 10A of Main LR in the announcement?
- (b) Apart from the proposed prescribed information as set out in Part J of Appendix 10A of Main LR, do you have any suggestion to enhance the disclosure by a listed issuer in such a transaction?

Please state the reasons for your views.

33. In a transaction involving the acquisition or disposal of mineral or oil and gas assets or a corporation whose core business is in MOG activities, where the percentage ratio is 25% or more, the Exchange proposes to require a listed issuer to include the additional information in the circular to shareholders as set out in Part K of Appendix 10B of Main LR and as described in paragraphs 81 and 82 above.

- (a) Do you agree with our proposal to include the additional information as set out in Part K of Appendix 10B of Main LR in the circular to shareholders?
- (b) Apart from the proposed prescribed information as set out in Part K of Appendix 10B of Main LR, do you have any suggestion to enhance the disclosure by a listed issuer in such a transaction?

Please state the reasons for your views.

**Proposal 5.6**

Description	Affected Provision(s) in the Main LR
Prescribing detailed disclosure requirements relating to reserves, resources and exploration results in a new Practice Note	<ul style="list-style-type: none"> <li>▪ Paragraph 1.01</li> <li>▪ Paragraph 9.56</li> <li>▪ Paragraph 9.57</li> <li>▪ Paragraph 9.59</li> <li>▪ New Practice Note 32</li> </ul>

85. Pursuant to the Industry Consultation, there were suggestions that more prescriptive rules pertaining to the disclosure of reserves and resources should be included in the Main LR. We also note from the benchmarking studies, as well as engagement with other exchanges such as HKEx and the Australian Stock Exchange (“**ASX**”), that most of the benchmarked jurisdictions prescribe more detailed requirements for the disclosure of reserves, resources and exploration results. Hence, we believe that similar requirements should also apply locally to ensure the quality of disclosures and adequacy of investor protection.
86. In this regard, we propose to prescribe detailed disclosure requirements relating to reserves, resources and exploration results of an MOG listed issuer in a new Practice Note i.e. Practice Note 32 (“**PN 32**”).
87. We take cognisance that we are at the nascent stage of developing a regulatory framework governing the MOG listed issuers. Therefore, the disclosure requirements must be proportionate and able to aid investors in making informed investment decisions. As such, we have modelled PN 32 after HKEx’s and SGX’s approach toward disclosure of reserves, resources and exploration results. We have not adopted ASX’s approach as we note that the ASX’s MOG disclosure requirements pertaining to MOG reserves and resources may be overly technical for the current stage of our market development.
88. In this connection, the new PN 32 is divided into 2 major sections. The first section sets out the detailed definitions of the types of Mineral Reserves and Mineral Resources, a diagram depicting the relationship between exploration results, Mineral Resources and Mineral Reserves and the disclosure requirements for exploration results, Mineral Reserves and Mineral Resources. The proposed disclosure requirements for exploration results, Mineral Reserves and Mineral Resources are as follows:
- (a) Support disclosure of any estimates of Mineral Reserves with at least a Pre-Feasibility study;
  - (b) Disclose the estimates of Mineral Reserves and Mineral Resources clearly and separately;
  - (c) If Indicated Mineral Resources and Measured Mineral Resources are included in economic analyses –

- (i) ensure that sufficient work has been done on the Modifying Factors;
  - (ii) disclose and explain the basis why they are considered to be economically extractable;
  - (iii) disclose whether they are appropriately discounted for the probabilities of conversion to mineral reserves;
  - (iv) state all assumptions clearly; and
  - (v) include appropriate, prominently disclosed cautionary statements.
- (d) For commodity prices assumed in Pre-Feasibility Studies, Feasibility Studies and valuations of Indicated Mineral Resources, Measured Mineral Resources and Reserves –
- (i) disclose the methods to determine such commodity prices, all key assumptions and explain the basis why those prices represent reasonable views of future prices; and
  - (ii) apply the contract price if there is an existing contract for future prices of Mineral Reserves; and
- (e) Avoid basing production targets on Inferred Mineral Resources and attaching economic value to Inferred Mineral Resources.
89. Similarly, the second section sets out the detailed definition of the types of oil and gas reserves and oil and gas resources, the categorisation of oil and gas Reserves and oil and gas resources in the SPE-PRMS oil and gas reporting standard and the specific disclosure requirements for oil and gas Reserves and oil and gas resources. The proposed disclosure requirements for oil and gas Reserves and oil and gas resources are as follows:
- (a) Disclose the method and basis for choice of estimation, if estimates of Reserves are disclosed;
  - (b) Analyse Proved Reserves and Proved plus Probable Reserves (2P) separately and state the principal assumptions and the basis of the methodology clearly;
  - (c) Classify and report oil and gas resources in the most specific resource class in which they may be classified under the acceptable reporting standard;
  - (d) Set out the relevant risk factors clearly if estimated volumes of Contingent Resources or Prospective Resources are disclosed;
  - (e) If the Contingent Resources disclosed represent aggregated estimates, disclose the method of aggregation, which must be either arithmetic summation by category or statistical aggregation of uncertainty distributions up to the field, property or project level;

- (f) Avoid attaching economic values to Possible Reserves, Contingent Resources and Prospective Resources; and
  - (g) Base production targets only on Proved Reserves and Probable Reserves and not on Possible Reserves, Contingent Resources or Prospective Resources.
90. Our proposals set out in PN 32 are premised on the disclosure principles under the Main LR that an MOG listed issuer must ensure that any disclosure of its exploration results, reserves or resources must be factual, accurate, balanced and fair, whilst at the same time, ensuring there is adequate and sufficient information to enable shareholders and investors to make informed investment decisions. Given that MOG activities involve high risks and are highly technical in nature, our disclosure framework via PN 32 is key to safeguarding both the shareholders and investors' interests.

**Proposal 5.6 – Issues for Consultation**

34. Do you agree with the proposed enhanced disclosure obligations in relation to mineral exploration results and Mineral Reserves or Mineral Resources as described in paragraph 88 above?
- Please state the reasons for your views.
35. Do you agree with the proposed enhanced disclosure obligations in relation to oil and gas Reserves or oil and gas resources as described in paragraph 89 above?
- Please state the reasons for your views.
36. What other information and details do you think should be disclosed by an MOG listed issuer in relation to exploration results, mineral or oil and gas reserves and resources?
37. Do you have any other feedback or comments on the Proposed MOG Amendments?

## **OTHERS**

91. In addition to the above proposals, the Exchange also proposes to impose the following as part of the continuous listing obligations under the Main LR for MOG listed issuers, in order to streamline with the SC's proposed requirements in the relevant SC's guidelines as set out in SC's MOG Consultation Paper:-
- (a) Appointment of Audit Firm with Relevant MOG Industry Expertise for a listed issuer whose primary activity<sup>48</sup> is in MOG activities;
  - (b) Appointment of Independent Director with Appropriate MOG Industry Experience and Expertise for a listed issuer whose primary activity<sup>49</sup> is in MOG activities;
  - (c) Requirements pertaining to Technical Reporting and Valuation Standards;
  - (d) Qualifications of the Competent Person, Competent Valuer, their Firms and Recognised Professional Organisation;
  - (e) Content of Competent Person's Report and Competent Valuer's Report; and
  - (f) Validity of Competent Person's Report and Competent Valuer's Report.

Further details about these requirements are set out in SC's MOG Consultation Paper.

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<sup>48</sup> Where the MOG activities represent 50% or more of the group total assets, revenue, operating expenses or after tax profit of the listed issuer when it is listed on the Exchange. The proposed continuing listing requirement is to reflect the SC's proposed additional eligibility requirements for listing of such company, as stated in SC's MOG Consultation Paper.

<sup>49</sup> See footnote 48 above.

**Glossary of Mineral and Oil and Gas Terms**  
**Mineral terms (Source: CRIRSCO International Reporting Template<sup>50</sup>, 2013)**

- Feasibility Study : A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.
- Mineral Reserve : Economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
- Modifying Factors : Considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors

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<sup>50</sup> CRIRSCO refers to the Committee for Mineral Reserves International Reporting which was formed in 1994 under the auspices of the Council of Mining and Metallurgical Institutes. It is a grouping of representatives of organisations that are responsible for developing mineral reporting codes and guidelines in Australasia (JORC), Canada (CIM), Chile (National Committee), Europe (National Committee PERC), Mongolia (Mongolian Professional Institute of Geosciences and Mining), Russia (NAEN), South Africa (SAMREC) and the USA (SME). The combined value of mining companies listed on the stock exchanges of these countries accounts for more than 80% of the listed capital of the mining industry.

- Pre-Feasibility Study : A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the mineral Resource may be converted to a mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.
- Probable Mineral Reserve : Economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proved Mineral Reserve.
- Proved Mineral Reserve : Economically mineable part of a Measured Mineral Resource. A Proved Mineral Reserve implies a high degree of confidence in the Modifying Factors.
- Mineral Resource : Concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
- Inferred Mineral Resource : Part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
- Indicated Mineral Resource : Part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.



Measured Mineral Resource : Part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Mineral Reserve or to a Probable Mineral Reserve.

### **Oil and Gas terms (Source: SPE-PRMS)**

Petroleum : A naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase, as further defined in the SPE-PRMS.

Reserves : Quantities of petroleum expected to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or categorised by development and production status.

Proved Reserves : Quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable Reserves : Those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

- Possible Reserves : Those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
- Contingent Resources : Quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.
- Prospective Resources : Quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development, and may be sub-classified based on project maturity.

**[End of Part 5]**

## **ANNEXURE A - C    PROPOSED AMENDMENTS**

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

## **ATTACHMENT**

### **TABLE OF COMMENTS**

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

## APPENDIX                      BURSA MALAYSIA SECURITIES BERHAD'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 Securities' 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 Securities 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 Securities 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 Securities sebaliknya menyatakan berkenaan dengan APDP]

**[End of the Appendix]**