

BURSA MALAYSIA SECURITIES BERHAD

PRACTICE NOTE NO. 18/2005

PERUSAL OF DRAFT CIRCULARS AND OTHER DOCUMENTS

<u>Details</u>	<u>Cross References</u>
<u>Effective date:</u> 3 January 2005	<u>Paragraph 9.30</u>
<u>Revision date:</u> 3 August 2009	

Issued in relation to ~~paragraph 8.09 of the Listing Requirements;~~

And

Pursuant to ~~paragraphs 2.06 and 2.08 of the Listing Requirements.~~

1.0 Introduction

1.1 Paragraph ~~8.09~~ 9.30 of the Listing Requirements provides as follows:-

(1) *A listed issuer or offeror in an offer for sale of listed securities must submit to the Exchange for perusal, ~~one~~ one draft copy of all circulars and other documents proposed to be sent to the holders of listed securities, within a reasonable time ~~prior to~~ before printing together with a checklist showing compliance with the relevant parts of these Requirements.*

~~(4A2)~~ Subparagraph (1) above does not apply to the following documents:-

- (a) *an annual report;*
- (b) *any document to be sent to holders of listed securities in relation to a take-over by or in respect of a listed issuer excluding circulars to be issued by a listed issuer, proposing to undertake or undertaking a take-over, to its securities holders pursuant to Chapter 10 of these Requirements;*
- (c) *any document that is not prepared by the listed issuer or its advisers on its behalf;*
- ~~(d)~~ *any circular to be issued by a listed issuer to its securities holders pursuant to paragraphs 10.11 and 10.14 of these Requirements, in relation to a transaction which will result in a significant change in the business direction or policy of the listed corporation and in relation to a qualifying acquisition proposed to be made by a SPAC; and*
- (e) *such other document as prescribed by the Exchange subject to such requirements as may be imposed by the Exchange.*

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- (23) *A listed issuer or offeror must not issue any of such documents referred to in subparagraph (1) above until the Exchange has confirmed in writing that it has no further comments ~~thereon~~ the documents.*
- (34) *Where an adviser is appointed by the listed issuer or offeror for the preparation and/or submission of the documents referred to in subparagraph (1) above to the Exchange, such adviser must also comply with subparagraphs (1) and (23) above."*

1.2 ~~This Practice Note sets out the following:-~~

- ~~(a) the prescription of documents which:-~~
~~(i) are not required to be submitted to the Exchange for perusal; and~~
~~(ii) will be subject to perusal by the Exchange whether by way of a normal or limited review; and~~
~~(b) the requirements in relation to such documents.~~

1.2 This Practice Note sets out the relevant requirements on –

- (a) documents which are not required to be submitted to the Exchange for perusal; and
- (b) documents which are subject to full review by the Exchange; and
- (c) documents which are subject to limited review by the Exchange.

1.3 For the avoidance of doubt, in perusing circulars and documents pursuant to paragraph ~~8.099.30~~ of the Listing Requirements, the Exchange does not verify the information in the circular or document so perused. Listed issuers, their directors and advisers are responsible for the disclosure in these documents including ensuring the accuracy and completeness of the same pursuant to paragraph ~~8.449.32~~ of the Listing Requirements.

2.0 Documents that are not required to be submitted to the Exchange

2.1 For the purposes of ~~sub-paragraph 8.09(1A)~~9.30(2)(d) of the Listing Requirements, ~~it is prescribed that the~~ circulars or documents on any one or more of the following are not subject to ~~sub-paragraph 8.099.30(1)~~ of the Listing Requirements, namely the perusal of the Exchange is not required ~~prior to~~ before issuance:-

- ~~(a) Introductory circulars for a transfers to the Main Board pursuant to paragraph 3.21;~~
- ~~(b) Information circulars issued pursuant to paragraph 10.05 of the Listing Requirements;~~
- ~~(c)(a)~~ (a) Notices of adjustments to warrants and ~~irredeemable convertible loan stocks~~ convertible securities;
- ~~(d)(b)~~ (b) Notices of meetings;
- ~~(e)(c)~~ (c) Bonus issues;
- ~~(f)(d)~~ (d) Purchase of own shares (including the ordinary resolution);
- ~~(g)(e)~~ (e) Amendments to or adoption of memorandum and articles of associations;
- ~~(h)(f)~~ (f) Amendments to trust deeds or deed polls;
- ~~(i)(g)~~ (g) Increase in authorised share capital; and

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~~(j)-(h)~~ All other circulars to shareholders, which are not issued pursuant to a requirement to obtain shareholder approval, prescribed under the Listing Requirements.

~~(hereinafter~~ collectively referred to as **"Exempt Circulars"**).

3.0 Obligations in relation to Exempt Circulars

- 3.1 Accordingly, the Exchange will no longer comment on any of the ~~above~~ Exempt Circulars ~~prior to before~~ issuance.
- 3.2 In this respect, an Exempt Circular must include a statement that Bursa Malaysia Securities Berhad has not perused the circular ~~prior to before~~ its issuance.
- 3.3 Further, pursuant to paragraph ~~8.439.35~~ of the Listing Requirements, immediately upon issuance of the Exempt Circular to securities holders, a listed issuer must submit the requisite number of copies of the Exempt Circular to the Exchange together with a checklist showing compliance with the relevant parts of the Listing Requirements.
- 3.4 If the Exchange detects any non-compliance with the Listing Requirements subsequent to the issue of the Exempt Circular, the listed issuer and/or the adviser responsible for preparing the Exempt eCircular may be subject to enforcement action by the Exchange.

4.0 Documents subject to a limited review

- 4.1 The circulars or documents on the following subject-matters will be subjected to a limited review by the Exchange:-
- (a) Issuance of securities for cash including but not limited to rights issues, private placement, restricted issue, special issue ~~to Bumiputera investors~~, issue of securities on a "bought deal" basis, ~~etc but excluding~~ allotments to directors (including allotment of ESOS options), major shareholders or persons connected ~~thereto with them~~ which fall within ~~paragraph 6.4406~~ of the Listing Requirements;
 - ~~(a)(b)~~ Employee share schemes ("**ESOS**") including establishment of or amendments to by-laws, extensions of the duration of the scheme or termination of the scheme;
 - ~~(a)(c)~~ Obtaining or renewing shareholders' mandate for ~~Recurrent Related Party~~ Transactions;
 - ~~(a)(d)~~ Notice of maturity of securities; ~~and~~
 - ~~(a)(e)~~ Extensions of time for maturity/expiry of securities;
 - (f) Subdivision or consolidation of shares;
 - (g) Early redemption of securities, whether full or partial;
 - (h) Notice of subdivision or consolidation of shares; and
 - (i) Notice of share exchange, recall or reduction.
- ~~(hereinafter referred to as~~ **"Limited Review Circulars"**).

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5.0 Obligations in respect of a Limited Review Circular

- 5.1 Pursuant to paragraph ~~8.099.30~~ of the Listing Requirements, a Limited Review Circular cannot be issued by a listed issuer until and unless the Exchange confirms in writing that it has no further comments ~~thereon~~ on the document.
- 5.2 In this respect, a listed issuer must submit a draft of a Limited Review Circular pursuant to ~~sub-paragraph 8.099.30(1)~~ of the Listing Requirements to the Exchange together with a checklist showing compliance with the relevant parts of the Listing Requirements.
- 5.3 In conducting a limited review, the Exchange will only focus on areas which in its opinion poses a high risk in terms of disclosure ~~and/or compliance with the Listing Requirements prior to clearance of the circulars~~.
- 5.4 Nothing in this Practice Note or the Listing Requirements will preclude the Exchange from conducting a full review in circumstance where it deems fit.

6.0 Documents subject to ~~normal~~ full review

- 6.1 The Exchange will continue to conduct a review of all circulars or documents not falling within the exclusions set out in paragraph ~~8.09(1A)~~ 9.30(2) of the Listing Requirements including those on the following subject matters:
- (a) Related party transactions (excluding circulars in relation to shareholder mandate for Recurrent Related Party Transactions);
 - (b) Very substantial transactions;
 - (c) Diversification of operations;
 - (d) Provision of financial assistance to associated companies;
 - (e) Schemes of compromise, arrangement, amalgamation or reconstruction ~~and/or~~ restructuring schemes in general;
 - (f) Withdrawal of listing;
 - (g) Non-related party transactions for which shareholder approval is required pursuant to paragraph 10.07 of the Listing Requirements;
 - (h) Listing of subsidiaries;
 - (i) Capital distribution, repayment or reduction;
 - (j) Material dilution of a subsidiary falling under paragraph 8.21 of the Listing Requirements; and
 - (k) Any other documents as prescribed by the Exchange.
- (~~hereinafter~~ referred to as "**Standard Full Review Circulars**").

7.0 Obligations in respect of a ~~Standard~~ Full Review Circular

- 7.1 In this respect, a listed issuer must submit a draft of a ~~Standard~~ Full Review Circular pursuant to ~~sub-paragraph 8.099.30(1)~~ of the Listing Requirements to the Exchange together with a checklist showing compliance with the relevant parts of the Listing Requirements.

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8.0 — Effective Date

8.1 — This Practice Note takes effect on 3 January 2005.