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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 27 January 2015)**

**CHAPTER 5 - STRUCTURED WARRANTS**

***General***

- 5.1 What are the roles of SC and Bursa Securities respectively in approving the issuance and listing of structured warrants (“SW”)?**

SC approves the eligibility of an issuer of SW, register the prospectus and term sheet for specific issuance of SW in accordance with the CMSA. Bursa Securities approves the listing and quotation of SW on Bursa Securities pursuant to the Main LR.

***Listing of SW pending listing of underlying financial instrument***

- 5.2 Can an issuer submit a listing application to Bursa Securities for the issuance and listing of structured warrants where the underlying corporation or exchange-traded fund has not been listed but is seeking listing either on Bursa Securities or on a securities exchange outside Malaysia?**

Yes, the issuer may do so provided that it complies with the requirements set out in paragraph 5.03(1A)<sup>1</sup> of the Main LR (if the underlying corporation or exchange-traded fund is seeking listing on Bursa Securities) or paragraph 5.04(2)<sup>2</sup> of the Main LR (if the underlying corporation or exchange-traded fund is seeking listing on a securities exchange which is a member of the World Federation of Exchanges or is approved by Bursa Securities).

- 5.3 Paragraph 5.03(1A) of the Main LR now allows the listing of structured warrants where the underlying corporation or exchange-traded fund is seeking listing on Bursa Securities. When can the structured warrants be listed on Bursa Securities?**

Generally, the listing of structured warrants shall only take place 5 market days after the date of the listing of the underlying shares in a corporation or units of an exchange-traded fund on Bursa Securities (“5 Market Day Requirement”).

- 5.4 Is the 5 Market Day Requirement applicable to a listing of structured warrants on Bursa Securities where the underlying corporation or exchange-traded fund is seeking listing on a securities exchange outside Malaysia?**

No, the 5 Market Day Requirement does not apply to such listing of structured warrants on Bursa Securities.

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<sup>1</sup> The underlying corporation or exchange-traded fund must have a market capitalization (excluding treasury shares) of at least RM3 billion based on the issue price of the shares in the corporation or units in the exchange-traded fund as set out in the prospectus.

<sup>2</sup> The underlying corporation or exchange-traded fund must have a market capitalization equivalent to at least RM5 billion based on the issue price of the shares in the corporation or units in the exchange-traded fund as set out in the prospectus, and upon listing, the corporation or exchange-traded fund must comply with the other requirements set out in paragraph 5.04 of the Main LR.

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**Admission Processes & Procedures****5.5 Is an issuer required to submit an application for quotation?**

No, an issuer is not required to file a separate application for quotation. An issuer needs to submit only one application (in a template as set out in Annexure PN27-A of Practice Note 27) together with all supporting documents, confirmations and undertakings prescribed in Practice Note 27.

**5.6 In respect of a single issue of SW, when should an issuer file its listing application to Bursa Securities?**

Pursuant to paragraph 2.1(a) of Practice Note 27, an issuer should file its listing application to Bursa Securities concurrently, i.e. on the same day it submits a registrable prospectus to the SC.

**5.7 What is the reason for making the announcement pursuant to paragraph 6.2 and 7.1(i) of Practice Note 27?**

An issuer must announce the relevant information pursuant to paragraph 6.2 and 7.1(i) of Practice Note 27 via a template available in the Bursa Link System to inform the investors of the actual listing date and details of the SW in place of the listing circular which Bursa Securities has ceased to issue.

**5.8 What is the cut-off time for the issuer to make the announcement pursuant to paragraph 6.2 and 7.1(i) of Practice Note 27?**

An issuer must make the announcement not later than 1 p.m. on the market day immediately before the actual listing date in order to provide a reasonable notice period to the investors and Bursa Securities.

**5.9 In view of the cut-off time referred to in Question 5.8 and the condition that the announcement can only be made after receipt of a confirmation from Bursa Depository that the structured warrants are ready to be credited into the respective securities accounts, what is the cut-off time for the issuer to submit the final allotment information and the warrant certificate to Bursa Depository?**

If an issuer wants the listing to take place on a particular date, it must submit an error-free final allotment information and the warrant certificate to Bursa Depository at the earliest time practicable and in any event not later than 9.00 a.m. on the market day immediately before the actual listing date.

**5.10 Do the issuer of structured warrants and its directors have to provide any undertakings to Bursa Securities?**

Yes, an issuer of structured warrants has to furnish to Bursa Securities an undertaking in the form as prescribed in Annexure PN27-C of Practice Note 27 while its directors have to provide undertakings in the form as prescribed in Annexure PN27-D of Practice Note 27.

- 5.11 In respect of an issuer undertaking a multiple issuance of SW pursuant to paragraph 3.0 of Practice Note 27, is the issuer required to submit a letter of undertaking executed by the issuer and a letter of undertaking executed by each of its directors together with each of its listing application submitted to Bursa Securities?**

An issuer may submit a letter of undertaking executed by the issuer and a letter of undertaking executed by each director in the format prescribed in Annexure PN27-C and Annexure PN27-D respectively in its first listing application submitted under each base prospectus. This undertaking letter will be applicable for all subsequent listing applications made within the validity period of the base prospectus.

For an issuer whose base prospectus is issued before the effective date of Annexure PN27-C and Annexure PN27-D (i.e. 3 August 2009), the issuer must submit the said letters of undertaking in the format prescribed in Annexure PN27-C and Annexure PN27-D respectively in its first listing application submitted to Bursa Securities after 3 August 2009.

- 5.12 Reference is made to Question 5.11. When should a new director (who is appointed after the first listing application) submit the letter of undertaking to Bursa Securities?**

Pursuant to paragraph 5.37 of the Main LR, an issuer must ensure the new director submits the letter of undertaking in the format prescribed in Annexure PN27-D of Practice Note 27 within 14 days after his appointment date.

#### ***Market making***

- 5.13 Can an issuer of SW opt not to place out the SW to the prescribed minimum number of holders (“Required Placement”) upon issuance?**

Yes, pursuant to paragraph 5.11(2)(b) of the Main LR, if an issuer provides liquidity for the SW via market making, it need not comply with the Required Placement.

- 5.14 Can an issuer provide market making for its SW issue even if it complies with the Required Placement at issuance?**

Yes, an issuer may choose to provide market making for its SW even though it has already complied with the Required Placement.

- 5.15 How many market makers are allowed for each SW issue?**

Pursuant to paragraph 5.12 of the Main LR, only 1 market maker is allowed for each SW issue.

- 5.16 Can an issuer be a market maker for its SW issues?**

An issuer can be a market maker provided that it is registered as a market maker under the Rules of Bursa Securities. If the issuer decides not to market make for its SW issues, it can appoint a third party to carry out the market making.

***Terms and conditions***

- 5.17 Can an issuer issue additional units of SW to the existing holder as a result of an adjustment arising from the Corporate Proposals<sup>3</sup> (as defined in paragraph 5.17 of the Main LR)?**

No, pursuant to paragraph 5.17 of the Main LR, where an issuer proposes an adjustment to the terms of the SW arising from a Corporate Proposal, the issuer may only adjust the exercise price or conversion ratio of its SW, or both. It is not allowed to issue additional units to the existing holders.

***Further Issue***

- 5.18 Can the issuer place out or offer the additional units of SW issued under a further issue of its structured warrants ("Further Issue") which form part of the existing listed series of structured warrants ("Existing Issues") to the public directly?**

No, issuance of additional units of SW under Further Issue pursuant to paragraph 5.29 of the Main LR is only allowed for market making purpose.

In this respect, the additional units will be listed as additional units to the Existing Issue and will be traded under the same stock code, stock short name and ISIN Code as the Existing Issue.

- 5.19 Is there any additional listing fee chargeable for the listing of additional units under Further Issue?**

No.

***Continuing listing obligations***

- 5.20 Does the obligation to submit financial statements in accordance with paragraph 5.34(1) of the Main LR apply to an issuer which issues a bull equity linked structure on 1 September 2009 with an expiry date of 6 months and the issuer has a financial year ending on 31 December?**

No, pursuant to paragraph 5.34(2) of the Main LR, the obligation to submit financial statements does not apply to an issuer of bull equity linked structure with an expiry date which takes place before the due date to submit financial statements. In this instance, the bull equity linked structure will expire on 28 February 2010 whilst the due date to issue the financial statement is within 3 months of 31 December 2009 i.e. by 31 March 2010. Therefore, the obligation to submit financial statements in accordance with paragraph 5.34(1) does not apply.

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<sup>3</sup> Based on paragraph 5.17 of the Main LR, "Corporate Proposal" means -

- (a) a corporate exercise undertaken by the underlying corporation or the issuer of the underlying financial instrument, for example a consolidation, bonus or rights issue; or
- (b) any event which has a dilutive or concentrative or other effect on the theoretical value of the underlying financial instruments.

**5.21 In respect of the bull equity linked structure referred to in Question 5.20 above, how often does the periodic information referred to in paragraph 5.35(1)<sup>4</sup> of the Main LR have to be furnished to Bursa Securities?**

As the expiry date of the bull equity linked structure in this case is 6 months, pursuant to paragraph 5.35(2)(b) of the Main LR, an issuer must furnish to Bursa Securities the periodic information prescribed in paragraph 5.35(1), on a fortnightly basis.

**5.22 In respect of the bull equity linked structure referred to in Question 5.20 above, when does the notice of expiry have to be issued?**

As the expiry date of the bull equity linked structure in this case is 6 months, pursuant to paragraph 5.36(1)(a) of the Main LR, the notice of expiry must be issued not less than 2 weeks before the expiry date.

**5.23 What is the rationale for requiring an issuer to announce the number and percentage of SW not held by the issuer or its market maker on a monthly basis under paragraph 5.35(5) of the Main LR?**

Such reporting requirement is to ensure transparency of all pertinent information related to the SW to investors earlier and on a more frequent basis.

**5.24 Is the draft notice of expiry of SW subject to Bursa Securities' review before issuance?**

No, Bursa Securities will not peruse the draft notice of expiry of SW. In this respect, an issuer must include a statement in the notice that Bursa Securities has not perused the notice of expiry prior to issuance.

**5.25 Is an issuer required to despatch the notice of expiry of its SW to the holders of the SW?**

Pursuant to paragraph 5.36(2) of the Main LR, only an issuer of SW without an automatic exercise feature is required to despatch the physical notice of expiry to the holders of the SW. However, all issuers must prepare and announce a notice of expiry in accordance with paragraph 5.36(1) of the Main LR.

**5.26 In the case of expiry of a SW, when will the suspension of the trading in SW take place?**

Generally, the trading in SW will be suspended before its expiry date, i.e. at 9.00 a.m. on the relevant date as follows:

		<b>Commencement of suspension</b>
(i)	SW with automatic exercise feature (other than bull equity-linked structure)	<b>2 market days</b> before the expiry date

<sup>4</sup> The periodic information prescribed under paragraph 5.35(1) of the Main LR is –

- (a) the number of structured warrants exercised during the relevant timeframe;
- (b) the cumulative number of structured warrants exercised to date; and
- (c) the number of structured warrants outstanding.

		<b>Commencement of suspension</b>
(ii)	SW other than specified in (i) above (other than bull equity-linked structure)	<b>11 market days</b> before the expiry date
(iii)	Bull equity-linked structure	<b>4 market days</b> before the expiry date

**5.27 What is the information required to request for suspension pursuant to paragraph 5.41 of the Main LR?**

An issuer must provide the relevant information as required under Practice Note 2 of the Main LR together with the supporting documents/announcements.

**5.28 Does an issuer of structured warrants have any other continuing listing obligations apart from those stated in Chapter 5 of the Main LR?**

Yes, pursuant to paragraph 5.42 of the Main LR, an issuer must also comply with Chapters 1, 2 and 16. The other Chapters of the Main LR do not apply to an issuer of structured warrants.

**5.29 Does an issuer of structured warrants have to comply with the provisions relating to corporate governance, for example, the requirement to set up an audit committee?**

No, pursuant to paragraph 5.42 of the Main LR, an issuer is not required to comply with the provisions on corporate governance as set out in Chapter 15 of the Main LR. However, an issuer is encouraged to maintain good corporate governance in its company.

***Announcements***

**5.30 In announcing the books closing date (“BCD”) for the adjustment to the terms of the SW (“Adjustment”) pursuant to paragraph 5.43(3) of the Main LR, must an issuer fix the BCD for the Adjustment on the same date as the BCD for the corporate proposal of the underlying corporation or underlying financial instrument?**

Yes, where the underlying corporation or underlying financial instrument is listed on Bursa Securities, an issuer must ensure that the BCD for the Adjustment is the same as the BCD for the corporate proposal of the underlying corporation or underlying financial instrument.

However, if the underlying corporation or underlying financial instrument is listed on a securities exchange outside Malaysia, the settlement period of the foreign underlying corporation or underlying financial instrument may be different from Bursa Securities. In this instance, an issuer need not ensure that the BCD of the Adjustment is the same as the BCD for the corporate proposal of the foreign underlying corporation or underlying financial instrument. However, the issuer must ensure that the ex-entitlement date of the Adjustment is the same as the ex-entitlement date for the corporate proposal of the foreign underlying corporation or underlying financial instrument.

**Callable Bull/Bear Certificate (“CBBC”)**

**5.31 Does a CBBC issuer have to comply with the same obligation as a structured warrant issuer?**

Unless otherwise provided in the Main LR, an issuer of CBBC must comply with all the requirements in the Main LR which are applicable to an issuer of structured warrants.

**5.32 Issuer A intends to issue 100 million callable bear certificates on 1 June 2010. The callable bear certificates issued will be based on PLC X’s shares listed on Bursa Securities. In what situation can Issuer A issue the callable bear certificates?**

Pursuant to paragraph 5.06(a) of the Main LR, Issuer A may only issue the callable bear certificates if the shares are part of the Approved Securities as defined in Rule 704.1 of the Rules of Bursa Securities (“**Approved Securities**”).

**5.33 What are considered as “Approved Securities”?**

Pursuant to paragraph 5.02 of the Main LR, “Approved Securities” has the meaning given in Rule 704.1 of the Rules of Bursa Securities. The list of the “Approved Securities” may be obtained at Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

**5.34 If the underlying financial instrument of a callable bear certificate is an exchange-traded fund, must the issuer issue the callable bear certificates together with the callable bull certificates?**

No, the issuer need not issue the callable bear certificates together with any callable bull certificates if the underlying financial instrument is -

- (a) an exchange-traded fund;
- (b) an index; or
- (c) Approved Securities.

**5.35 On 1 June 2010, Issuer A issues 100 million of callable bull certificates based on PLC X’s shares listed on Bursa Securities. The certificates have the following features:**

**Call Price : RM1.50**  
**Exercise Price : RM1.00**  
**Expiry Date : 30 Dec 2010**

**On 2 August 2010, the transacted prices of PLC X’s shares as at 10.30 a.m. are as follows:**

Time (a.m.)	Transacted Price (RM)
9.00	1.60
9.20	1.70
9.30	1.40
10.00	1.70
10.30	1.50

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[Questions & Answers]**

**(a) When does the MCE<sup>5</sup> for the callable bull certificates occur?**

The MCE for the callable bull certificates occurs at 9.30 a.m. on 2 August 2010, when the transacted price is RM1.40, which is below the call price.

**(b) What happens to the callable bull certificate when a MCE occurs?**

When a MCE occurs, the certificates will be called and terminated by Issuer A immediately.

**5.36 Settlement of CBBCs where the call price is different from the exercise price**

**This Question is based on the same facts as Question 5.35 above. For the purpose of this Question, it is assumed that the next trading session after the MCE occurs at 9.30 a.m. contains at least 1 hour of continuous trading for PLC X's shares as defined in paragraph 5.25A(2) of the Main LR.**

**(a) Assuming the traded prices of PLC X's shares during the various trading phases on 2 August 2010 are as follows:**

No	Trading Phase	Time	Traded Price of PLC X's Shares (RM)
1	Opening	9.00 a.m.	2.00
2	Continuous Trading	9.30 a.m.	1.40
		10.00 a.m.	1.70
		10.30 a.m.	1.50
		11.30 a.m.	1.60
		12.30 p.m.	1.30
<b>Lunch</b>			
3	Opening	2.30 p.m.	0.90
4	Continuous Trading	3.00 p.m.	1.20
		3.30 p.m.	1.35
		4.00 p.m.	1.40
5	Closing	4.50 p.m.	0.90

**Are the callable bull certificate holders in this case entitled to receive a cash amount upon the MCE?**

Yes. Pursuant to paragraphs 5.25A(1)(b)(i) and 5.25A(2)(a) of the Main LR, where the call price of a callable bull certificate is different from the exercise price, the certificate holders will receive a cash amount if the lowest traded price transacted during the Main Trading Phase of an underlying financial instrument from the MCE up to the end of the next trading session, is above the exercise price.

<sup>5</sup> "MCE" or "mandatory call event" is defined in paragraph 5.02 as the first occurrence at any time before the certificate's expiry date where the transacted price of the underlying financial instrument is –

- (a) at or below (in respect of a callable bull certificate); or
- (b) at or above (in respect of a callable bear certificate),

the call price and upon which the callable bull/bear certificate will be called by the issuer.



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In this case, MCE occurs at 9.30 a.m. The lowest traded price transacted during the Main Trading Phase\*\* of PLC X's shares from the MCE (9.30 a.m.) up to the end of the afternoon trading session, is higher than the exercise price of RM1.00.

As such, the callable bull certificate holders in this case are entitled to receive a cash amount upon the MCE.

*\*\*For the purpose of the lowest traded price during the Main Trading Phase, the opening and closing prices are not taken into account. As such, the opening and closing prices of RM0.90 which is lower than the exercise price of RM1.00 is not taken into account. Instead, RM1.20 which is the lowest traded price during the continuous trading phases is regarded as the lowest traded price for settlement purpose.*

Note: The requirement that only the lowest/highest traded price that occurs during the "Main Trading Phase" can be taken into account in computing the settlement price of a CBBC, is only applicable when the underlying financial instrument is shares or exchange-traded funds listed on the Exchange.

- (b) **This Question is independent from Question (a) above. Assuming the traded prices of PLC X's shares during the various trading phases on 2 August 2010 are as follows:**

No	Trading Phase		Traded Price of PLC X's Shares (RM)
1	Opening	9.00 a.m.	2.00
2	Continuous Trading	9.30 a.m.	1.40
		10.00 a.m.	1.70
		10.30 a.m.	1.50
		11.30 a.m.	1.60
		12.30 p.m.	1.30
<b>Lunch</b>			
3	Opening	2.30 p.m.	1.10
4	Continuous Trading	3.00 p.m.	0.90
		3.30 p.m.	1.20
		4.00 p.m.	1.30
5	Closing	4.50 p.m.	0.90

**Are the callable bull certificate holders in this case entitled to receive a cash amount upon the MCE?**

No. As explained in (a) above, pursuant to paragraph 5.25A(1)(b)(i) of the Main LR, the callable bull certificate holders will only receive a cash amount if the lowest traded price transacted during the Main Trading Phase of PLC X's shares from the MCE up to the end of the next trading session, is above the exercise price.

In this case, the MCE occurs at 9.30 a.m. The lowest traded price transacted during the Main Trading Phase of PLC X's shares from the MCE (9.30 a.m.) up to the end of the afternoon trading session (excluding the opening and closing prices), is RM0.90 which occurs during the continuous trading at 3.00 p.m. RM0.90 is below the exercise price of RM1.00.

As such, the callable bull certificate holders in this case are not entitled to receive a cash amount upon the MCE.

**5.37 On 1 June 2010, Issuer B issues 100 million of callable bull certificates based on PLC X's shares listed on Bursa Securities. The certificates have the following call and exercise price:**

**Call Price : RM1.00**  
**Exercise Price : RM1.00**

**Will the callable bull certificate holders receive any cash amount if a MCE occurs?**

No. As stipulated in paragraph 5.25A(1)(a) of the Main LR, where the call price of a CBBC is equal to its exercise price, the certificate holder will not receive any cash amount if a MCE occurs.

**5.38 If a MCE occurs, paragraph 5.41A(2)(c) of the Main LR requires a CBBC issuer to announce the date when the CBBC will be de-listed by Bursa Securities. When will the CBBC be de-listed if a MCE occurs?**

The CBBC will be de-listed from the Official List on the 4<sup>th</sup> market day after the MCE occurs.

**5.39 If a MCE occurs, will the CBBC be terminated at the time when the trading of the CBBC is suspended or when the MCE occurs?**

Pursuant to paragraph 5.17A(1) of the Main LR, if a MCE occurs, a CBBC will be terminated at the time when its trading is suspended.

Example

If a MCE occurs at 10 a.m. and the suspension is effected at 10.01 a.m., the CBBC will be terminated when it is suspended at 10.01 a.m. All trades effected until the suspension are valid.

**5.40 When must a CBBC issuer announce the settlement amount payable to the holders?**

Paragraph 5.44A(b) of the Main LR requires a CBBC issuer to announce the settlement amount payable to the holders within 1 market day from the end of the next trading session after the MCE.

Examples:

The examples below are on the assumption that the next trading session after the MCE contains at least 1 hour of continuous trading for the underlying financial instrument.

- (a) If a MCE occurs during a morning trading session on Monday, the issuer must announce the settlement amount by Tuesday; and
- (b) If the MCE occurs during an afternoon trading session on Monday, the issuer must announce the settlement amount by Wednesday.