
**QUESTIONS AND ANSWERS IN RELATION TO
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS
(As at 2 January 2019)**

CHAPTER 4 – ADMISSION FOR SPECIFIC APPLICANTS

- 4.1 There appears to be no requirement for closed-end funds to provide undertakings in this Chapter. Does it mean that such funds need not provide any undertaking at all?**

No, closed-end funds must provide undertakings to Bursa Securities in the same way as other types of companies. Pursuant to paragraph 4.01(1) of the Main LR, the requirements in Chapter 4 are to be complied with in addition to the requirements in Chapter 3. If there is a requirement in Chapter 4 which conflicts with the requirements in Chapter 3, the requirements in Chapter 4 will prevail.

- 4.2 *ETF A* which has been approved by the SC to list on Bursa Securities has an initial size of 300 million units. However, the management company of *ETF A* intends to issue and list only 160 million *ETF* units at the initial listing stage. What is the total number of *ETF* units that the management company must apply for listing in the Initial Listing Application that is submitted to Bursa Securities for approval, pursuant to paragraph 9.0 of Practice Note 23?**

The management company of *ETF A* must apply for listing of the maximum number of *ETF* units based on its initial size of 300 million *ETF* units, even though the number of *ETF* units to be issued upon listing is only 160 million units. The management company must also apply for quotation of the same quantum of *ETF* units i.e. up to 300 million units in its application for quotation. In view of the nature of an *ETF* with the in-kind creation and redemption feature, the number of *ETF* units issued and listed may increase and decrease from time to time, depending on the demand and supply of the *ETF* units traded on Bursa Securities. Thus, in order to facilitate and expedite the in-kind creation and redemption of *ETF* units, no additional application for listing and quotation will be required by the management company as long as it is within its initial size.

- 4.3 Based on the same facts as in Question 4.2 above, assuming that the management company of *ETF A* plans to issue and list new *ETF* units subsequent to the listing in addition to the 160 million *ETF* units but which is less than the initial size of 300 million units, do they need to submit a new additional listing application and application for quotation for these additional 140 million *ETF* units to Bursa Securities for approval?**

No, the management company of *ETF A* need not apply for listing and quotation of the additional units issued, i.e. 140 million units, as the total number of *ETF* units to be issued, i.e. 300 million *ETF* units is still within the initial size of the *ETF* as approved under the Initial Listing Application.

**Chapter 4 Admission for Specific Applicants
[Questions & Answers]**

- 4.4 This question is independent from Question 4.3 above. Based on the same facts as in Question 4.2 above, assuming that the management company intends to issue an additional 340 million units, can it still proceed without applying to Bursa Securities for listing and quotation of the additional units?**

No, in this case, as the total number of ETF units to be issued, i.e. 500 million units (160 million units issued in Question 4.2 above plus the additional 340 million units issued under this Question) will exceed the initial size of *ETF A* i.e. 300 million units which listing and quotation had been approved by Bursa Securities at the initial listing stage, the management company must file with Bursa Securities an application for listing and quotation of the additional 200 million new ETF units in accordance with the requirements under Chapter 6 of the Main LR.

- 4.5 Based on the examples given in Questions 4.2 and 4.4 above, what are the initial listing fee and additional listing fee payable by the management company respectively?**

Based on the Main Market Schedule of Fees, in relation to an ETF, a management company must pay the listing fee on the initial size of fund that has been approved for listing by Bursa Securities. As such, for Question 4.2 above, the initial listing fee payable by the management company will be based on the initial size of 300 million ETF units. This fee is payable to Bursa Securities upon the submission of application for listing by the management company to Bursa Securities pursuant to paragraph 7.0 of Practice Note 23. As for Question 4.4 above, the additional listing fee payable will be based on the additional 200 million ETF units. This additional listing fee is payable upon submission of the application for listing and quotation of the 200 million new ETF units by the management company to Bursa Securities pursuant to Chapter 6 of the Main LR.

- 4.6 Is an ETF required to comply with any unit spread requirements under the Main LR?**

Pursuant to paragraph 4.12 of the Main LR, Bursa Securities may require a management company seeking listing of units of an ETF on Bursa Securities to comply with such unit spread requirements as may be prescribed by Bursa Securities. However, unless otherwise prescribed by Bursa Securities generally, an ETF will not be required to comply with any unit spread requirement upon listing or as a continuing listing obligation.

- 4.6A With the deletion of the requirements pertaining to the contents of the deed or constituent document governing ETFs in paragraph 4.13 and Appendix 4B, does it mean that ETFs are no longer required to comply with any prescribed contents of the deed or constituent document?**

No. The requirements on the contents of the deed or constituent document are deleted from the Main LR as the SC's Guidelines on Exchange-Traded Funds already prescribe comprehensive provisions that must be contained in the deed or constituent document. As such, an ETF must still ensure that its deed or constituent document comply with the requirements in the SC's Guidelines on Exchange-Traded Funds.

Stapled Securities**4.7 Can each applicant/ issuer of stapled securities appoint its own agent or representative to be responsible for communication with the Exchange thereby having 2 agents or representatives to act for the stapled group?**

No, applicants/issuers of stapled securities can appoint only one agent or representative to be the single contact person responsible for communications with the Exchange, on behalf of the stapled group.

4.8 Who can be an agent or representative for the stapled group?

The Exchange does not prescribe any eligibility criteria for such person.

4.9 Are both issuers of stapled securities (i.e. the anchor issuer and other stapled issuer) required to issue its quarterly reports to the Exchange?

No, for purposes of paragraph 9.22 of the Main LR, only the anchor issuer of stapled securities must announce to the Exchange the quarterly report of the stapled group on a consolidated or combined basis.

4.10 Are both issuers of stapled securities (i.e. the anchor issuer and other stapled issuer) required to issue its annual reports to the Exchange?

Pursuant to paragraph 9.1 of Practice Note 31 only the anchor issuer is required to issue and announce its annual report to the Exchange. The other stapled issuer is not required to do so. However, if it does, it must also announce the annual report to the Exchange.

4.11 Who is required to comply with the requirements relating to dealings in listed stapled securities under Chapter 14 of the Main LR?

The respective directors and principal officers of both the issuers of stapled securities are required to comply with the relevant requirements set out in Chapter 14 of the Main LR, when dealings in listed stapled securities.

4.12 Can issuers of stapled securities unstackle their securities any time after listing?

No, issuers of stapled securities must ensure that the securities remain stapled at all times after listing. The Exchange may de-list any of all the securities from the Official List if the securities are no longer stapled.