

## BURSA MALAYSIA SECURITIES BERHAD

## PRACTICE NOTE 7

## CLASSIFICATION OF APPLICANTS OR LISTED ISSUERS

Details		Cross References
Effective date:	1 June 2001	Paragraph 8.11
Revision date:	3 August 2009, 3 June 2019	

**1.0 Introduction**

- 1.1 The Exchange classifies all applicants seeking admission on the Official List of the Exchange as well as listed issuers into homogeneous group (“**Sectors**”) of a similar industry based on the applicants’ or listed issuers’ core business.
- 1.2 Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**Listing Requirements**”), an applicant is required to propose its classification into any one of the Sectors (“**Classification**”) and a listed issuer is also required to make a proposal to the Exchange whenever a change to its Classification becomes necessary.
- 1.3 The Classification proposed by an applicant or a listed issuer is subject to the approval of the Exchange. The Exchange reserves the right to classify an applicant or listed issuer into a sector which in the opinion of the Exchange is more appropriate for the applicant or listed issuer.
- 1.4 This Practice Note sets out the following:
- (a) the Sectors that are prescribed by the Exchange;
  - (b) the criteria in determining and proposing the Classification; and
  - (c) the manner in which an applicant or listed issuer is to inform or notify the Exchange of its proposed Classification or proposal for change in Classification, as the case may be.

**2.0 Definition**

- 2.1 For the purpose of this Practice Note, unless the context otherwise requires, “**core business**” means the business which provides the principal source of operating revenue or after-tax profits to an applicant or listed issuer and which comprises the principal activities of the applicant or listed issuer, and its subsidiary companies.

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**3.0 Sectors prescribed by the Exchange**

- 3.1 The Exchange will prescribe the Sectors for all listed issuers from time to time. The list of Sectors can be obtained from the Exchange's official website.
- 3.2 The Exchange reserves the right to vary the list of Sectors or the criteria when determining the Classification of a listed issuer and in that event, a listed issuer would be notified of its new Classification accordingly.

**4.0 Classification of listed issuers**

- 4.1 An applicant or a listed issuer must, when filing an application for listing to the Exchange, furnish the Exchange a proposal of its Classification by completing and submitting to the Exchange the Classification/Re-Classification Form (which is available on the Exchange's official website), together with supporting documents.
- 4.2 In determining the Classification of the applicant or listed issuer into any one of the Sectors, an applicant or a listed issuer must examine the amount of contribution made by its various business activities for the past 2 years. A listed issuer will be classified into the Sector which most closely fits its source of revenue or if there are several sources of revenue, the business which consistently generates the highest revenue of the listed issuer. The Classification will also be determined based on either the immediate end use of the product or the industry processes used.
- 4.3 Segmental reporting normally discloses revenue before tax, non-controlling interests, extraordinary items and interest earned or incurred. Unless there is audited evidence that any of these items is specifically attributable to a class of business for which the revenue is disclosed, it will be disregarded in assessing the sources of revenue. Where any part of the listed issuer's business is to earn interest or incur interest, or interest expenses are central to its business, then such interest must be taken into account in determining the listed issuer's business.
- 4.4 The Exchange will seek to maintain stability in the Classification and will disregard what the Exchange considers to be temporary fluctuations in the fortunes of individual businesses.

**5.0 Exchange's power to require additional information or instruct change in Classification**

- 5.1 The Exchange may, at its discretion, require an applicant or a listed issuer to provide additional information to the Exchange.
- 5.2 The Exchange may, where the circumstances warrant the same but without assigning any reasons, classify an applicant or change the Classification of a listed issuer into a Sector which, in the opinion of the Exchange, is more appropriate for the applicant or listed issuer.

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**6.0 Changes to listed issuer's classification**

- 6.1 Where there is a significant change in the business direction or policy in a listed issuer, the listed issuer must, upon completion of the relevant corporate exercise, immediately notify the Exchange of the proposal for change in its Classification by completing and submitting to the Exchange the Classification/Re-Classification Form (which is available on the Exchange's official website), together with supporting documents.
- 6.2 Where the Classification does not accurately reflect its current core business, the listed issuer must submit to the Exchange a proposal for a change by completing and submitting to the Exchange the Classification/Re-Classification Form (which is available on the Exchange's official website), together with supporting documents.
- 6.3 A listed issuer's Classification may also be reviewed by the Exchange either at its discretion, at the request of the listed issuer as per paragraphs 6.1 and 6.2 above, or of the advisers acting on its behalf.