

BURSA MALAYSIA SECURITIES BERHAD**GUIDANCE NOTE 13****PUBLIC SHAREHOLDING SPREAD**

Details		Cross References
Effective date:	2 July 2007	Rules 3.10, 8.02, 16.02
Revision date:	3 August 2009, 2 January 2018, 1 March 2021	

1.0 Introduction

1.1 This Guidance Note sets out the following:

- (a) in relation to an application for a lower percentage of public shareholding spread pursuant to Rules 3.10(1) or 8.02(1) of the Listing Requirements -
 - (i) the considerations which the Exchange may take into account when considering such application; and
 - (ii) the information that an applicant or listed corporation must provide in its application;
- (b) in relation to compliance with the public shareholding spread –
 - (i) the notification requirements applicable to a listed corporation approved with a lower public shareholding spread;
 - (ii) the Exchange's right to review its decision on lower public shareholding spread granted to a listed corporation;
 - (iii) the disclosure requirements in the event a listed corporation fails to comply with the required public shareholding spread; and
 - (iv) the information that a listed corporation must include in an application to the Exchange for an extension of time to rectify non-compliance with the public shareholding spread; and
- (c) the disclosure requirements that a listed corporation must comply with if it triggers a suspension pursuant to Rules 16.02(1) and (2) of the Listing Requirements.

2.0 Application for acceptance of a lower percentage of public shareholding spread

2.1 Rules 3.10(1) and 8.02(1) of the Listing Requirements provide that an applicant or listed corporation must comply with the following public shareholding spread (“**Required Public Spread**”):

- (a) an applicant must have at least 25% of the total number of shares for which listing is sought, or such lower percentage as may be allowed by the Exchange, in the hands of a minimum number of 200 public shareholders holding not less than 100 shares each; and
- (b) a listed corporation must, on a continuing basis, ensure that at least 25% of its total listed shares (excluding treasury shares) or such lower percentage as may be allowed by the Exchange are in the hands of public shareholders.

2.2 The Exchange may, on the application by an applicant or a listed corporation, accept a percentage lower than the 25% threshold (“**Lower Public Spread**”) provided that all the conditions below are met:

- (a) The applicant or listed corporation meets the market capitalisation requirements for the Lower Public Spread as set out in the table below:

No.	Market Capitalisation *	Minimum acceptable Lower Public Spread
(i)	RM1 billion or more but less than RM3 billion	20%
(ii)	RM3 billion or more	15%

* *Computation of market capitalisation:*

(aa) *an applicant’s expected market capitalisation as at the date of the listing application; or*

(bb) *a listed corporation’s average market capitalisation based on the daily closing price of its shares during the 12-month period preceding the application to the Exchange;*

and

- (b) The Exchange is satisfied that:
 - (i) there is, or will be, sufficient liquid market in the shares of the applicant or listed corporation;
 - (ii) there is, or will be, orderly and fair trading in the shares of the applicant or listed corporation;
 - (iii) the applicant or listed corporation and its directors have satisfactory corporate governance conduct and compliance record with the Listing Requirements and securities laws; and

- (iv) there is reasonable justification necessitating the Lower Public Spread for the applicant or listed corporation.

2.2A In respect of an applicant which proposes to apply for a Lower Public Spread, it must include the following information in its application:

- (a) the applicant's expected market capitalisation as at the date of the listing application; and
- (b) the reason for not being able to comply with the 25% threshold and justification necessitating the Lower Public Spread.

2.3 In respect of a listed corporation which proposes to apply for a Lower Public Spread, it must include the following information in its application:

- (a) its share capital and number of issued shares;
- (b) the number of public shareholders;
- (c) the percentage of public shareholding spread;
- (d) a statement as to whether the public shareholding spread includes a substantial shareholder who is deemed as "public" pursuant to Rule 1.01 of the Listing Requirements ("**Shareholder**") and if yes, the following details in relation to such Shareholder:
 - (i) name; and
 - (ii) shareholdings in the listed corporation;
- (e) the average market capitalisation based on the daily closing price of the listed corporation's shares during the last 12-month period;
- (f) the percentage of listed shares (excluding treasury shares) held by the top 30 shareholders, the names and shareholdings of each of these shareholders;
- (g) the percentage of public shareholding spread over the last 2 years;
- (h) any enforcement action taken, or investigation or enforcement proceedings commenced, against the listed corporation and its directors by the relevant regulatory authority in the last 3 years pertaining to their corporate governance conduct and compliance with the Listing Requirements or securities laws. If none, a negative statement to that effect; and
- (i) the reason for non-compliance with the Required Public Spread and justification necessitating the Lower Public Spread.

2A.0 Notification of specified changes after the grant of Lower Public Spread

2A.1 A listed corporation approved with a Lower Public Spread must immediately notify the Exchange when it becomes aware of any of the following:

- (a) any decrease in its issued share capital;

- (b) any decrease in its public shareholding spread below the approved Lower Public Spread; and
- (c) any decrease of its average market capitalisation for the preceding 12 months to below the prescribed threshold as set out in paragraph 2.2(a) above.

2B.0 The Exchange's right to further review

- 2B.1 The Exchange reserves the right to review its decision for a Lower Public Spread at any time, if the listed corporation no longer meets any of the conditions for Lower Public Spread under paragraph 2.2 above.

3.0 Disclosure requirements in the event of non-compliance with the Required Public Spread

- 3.1 Rule 8.02(3) of the Listing Requirements provides that a listed corporation must announce to the Exchange that it does not comply with the Required Public Spread immediately upon it becoming aware of this ("**Non-Compliance Announcement**").
- 3.2 The listed corporation must include the following information in its Non-Compliance Announcement:
- (a) a statement that the listed corporation does not comply with the public shareholding spread requirement set out in Rule 8.02(1) of the Listing Requirements;
 - (b) the percentage of public shareholding spread;
 - (c) steps taken or proposed to be taken by the listed corporation to comply with the Required Public Spread ("**Rectification Plan**") including the following:
 - (i) the tentative timeline in respect of the Rectification Plan; and
 - (ii) the status of the Rectification Plan; and
 - (d) where the listed corporation has not formulated a Rectification Plan, the status of the listed corporation's endeavours to formulate such a plan or where a Rectification Plan has not been formulated and/or if no endeavours have been taken to formulate such a plan, an appropriate negative statement to such effect.
- 3.3 After the Non-Compliance Announcement, a listed corporation which does not comply with the Required Public Spread must announce the status of its efforts to comply with the Required Shareholding Spread ("**Status Announcement**"). The listed corporation must make the Status Announcement for each quarter of its financial year simultaneously with the quarterly reports and in any event, not later than 2 months after the end of each quarter of a financial year.
- 3.4 The listed corporation must include the following information in the Status Announcement:
- (a) the information prescribed in paragraph 3.2 above; and

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- (b) a statement as to whether an extension of time for compliance has been granted by the Exchange and if so, the following:
 - (i) the duration of extension granted; and
 - (ii) the expiry date of the extension.

3.5 For the avoidance of doubt, upon compliance with the Required Public Spread by the Exchange, the listed corporation is no longer required to make any Status Announcement.

4.0 Applications for extensions of time for compliance and related disclosure requirements

4.1 Pursuant to Rule 8.02(4) of the Listing Requirements, a listed corporation which does not comply with the Required Public Spread may apply to the Exchange for an extension of time to rectify its public shareholding spread.

4.2 In this respect, a listed corporation must include the following information in the application for extension of time:

- (a) the share capital and number of issued shares;
- (b) the percentage of public shareholding spread;
- (c) the number of public shareholders;
- (d) whether the public shareholding spread includes a Shareholder. If yes, the following details in relation to such Shareholder:
 - (i) name; and
 - (ii) shareholdings in the listed corporation;
- (e) the average market capitalisation based on the daily closing price of the listed corporation's shares during the last 12-month period;
- (f) the reason for non-compliance with the Required Public Spread;
- (g) the percentage of listed shares (excluding treasury shares) held by the top 30 shareholders, the names and shareholdings of each of these shareholders;
- (h) if there is a Rectification Plan, an elaboration of the same and its status;
- (i) where the listed corporation has not formulated a Rectification Plan, the status of the listed corporation's endeavours to formulate such a Plan;
- (j) if there has been no progress in relation to items (h) and (i) above during the previous extension of time, the listed corporation must also explain the reason for the lack of progress;
- (k) the reason for failure to rectify the public shareholding spread within the previous extension of time, if any; and
- (l) justification for the extension of time sought.

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- 4.3 Where an extension of time to rectify the public shareholding spread has been granted by the Exchange, the listed corporation must immediately announce to the Exchange, the extension of time granted. The listed corporation must include the following information in the announcement:
- (a) a statement that an extension of time for compliance has been granted by the Exchange and the following details:
 - (i) the duration of extension granted;
 - (ii) the expiry date of the extension; and
 - (b) the information prescribed in paragraph 3.2(b) to (d) above.
- 4.4 Where an extension of time has not been granted by the Exchange, the listed corporation must immediately announce the decision of the Exchange. The listed corporation must include the following information in the announcement:
- (a) a statement that an extension of time for compliance has not been granted by the Exchange;
 - (b) the information prescribed in paragraph 3.2(b) to (d) above; and
 - (c) a statement that the Exchange may -
 - (i) take or impose for a breach of Rule 8.02(1) of the Listing Requirements any type of action or penalty pursuant to Rule 16.19 of the Listing Requirements; and
 - (ii) suspend trading in its securities pursuant to Rule 16.02 of the Listing Requirements.
- 5.0 Suspension where the public shareholding spread is 10% or less and related disclosure requirements**
- 5.1 Pursuant to Rule 16.02(2) of the Listing Requirements, where the public shareholding spread of a listed corporation is 10% or less of the total number of listed shares (excluding treasury shares) ("**Threshold**"), a suspension will be imposed by the Exchange.
- 5.2 The suspension in trading imposed by the Exchange under paragraph 5.1 above will only be uplifted upon full compliance with the Required Public Spread or as may be determined by the Exchange.
- 5.3 Where a listed corporation becomes aware, either in conjunction with the preparation of its annual returns or otherwise, that its public shareholding spread triggers the Threshold, the listed corporation must immediately announce this to the Exchange.
- 5.4 The listed corporation must include the following information in the above announcement:
- (a) the public shareholding spread;

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- (b) a statement that pursuant to Rule 16.02(2) of the Listing Requirements, trading in its securities will be suspended immediately upon the expiry of 30 market days from the date of the immediate announcement in view that the public shareholding spread of the listed corporation is 10% or below of the total number of listed shares (excluding treasury shares);
- (c) the date suspension will be effected (i.e. the market day immediately following the expiry of 30 market days from the date of the immediate announcement);
- (d) a statement that once the suspension pursuant to Rule 16.02(2) of the Listing Requirements is effected, it will only be uplifted by the Exchange upon full compliance with the Required Public Spread or as may be determined by the Exchange;
- (e) the steps taken or proposed to be taken by the listed corporation (if any) to increase its public shareholding spread to above 10% before the date suspension is to be effected;
- (f) an explanation of the Rectification Plan (if any);
- (g) the tentative timeline for the steps referred to in subparagraph (e) above and the Rectification Plan; and
- (h) where neither the steps referred to in subparagraph (e) above nor a Rectification Plan has been formulated or if no endeavours have been taken to formulate such steps or a Rectification Plan, an appropriate negative statement to such effect.