

Our Ref: IS/TAC/tks/LD14/10

31 May 2010

The Company Secretary  
(Listed Issuers)

**Via email**

**Dear Sir/Madam,**

**AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) MAIN MARKET LISTING REQUIREMENTS (“MAIN LR”) IN RELATION TO CALLABLE BULL/BEAR CERTIFICATES**

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Pursuant to section 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), Bursa Securities has amended the Main LR to allow issuance and listing of callable bull or bear certificates (“**CBBC**”) on Bursa Securities.

**A. Objectives**

As part of Bursa Securities’ continuous efforts to enhance the attractiveness of listing of structured warrants (“**SWs**”), we now allow issuance and listing of CBBCs on the Main Market. This seeks to enhance the market framework by –

- (a) increasing the depth and breadth of our capital market by offering a wider variety of SWs listed on Bursa Securities;
- (b) meeting the demands of SW issuers and enhancing the attractiveness of listing of SWs on Bursa Securities; and
- (c) providing greater options to investors on their choice of investment on Bursa Securities.

**B. GENERAL FRAMEWORK FOR CBBC**

Like any other SW, a CBBC may be issued to track the performance of a local or foreign share, exchange-traded fund or index.

A CBBC must be issued with a fixed expiry date i.e. not earlier than 3 months and not later than 5 years. However, an issuer must call and terminate the CBBC before its expiry when a mandatory call event (“**MCE**”) occurs. A MCE refers to a situation where the transacted price/level of the underlying financial instruments hits a pre-specified price or level which is known as “**call price**”. When a MCE occurs, the CBBC issuer must immediately notify Bursa Securities and make the necessary announcement. Bursa Securities will, upon notification by the issuer, suspend the trading of the CBBC and subsequently de-list the same.

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In view of the features of a CBBC, the right of a CBBC holder will only be exercisable in European style (i.e. the right is only exercisable upon expiry date of the CBBC), and any amount payable to the holder must be settled in cash only.

**C. AMENDMENTS TO THE MAIN LR IN RELATION TO CBBCs**

We set out below the key amendments made to the Main LR relating to CBBCs.

1. Prescribing the definitions for “call price”, “callable bull/bear certificates”, and “mandatory call event or MCE”.
2. Where the callable bear certificates are issued based on underlying shares which are listed on the Exchange, requiring that the underlying shares form part of the Approved Securities (as defined in Bursa Securities Rules).
3. Prescribing the tenure of a CBBC which must not be earlier than 3 months and not later than 5 years.
4. Apart from allowing an adjustment to the exercise price and conversion ratio under the existing requirement where adjustments are necessary pursuant to a Corporate Proposal (as defined in paragraph 5.02 of the Main LR) or otherwise, also allowing an adjustment to the call price of the CBBC.
5. Prescribing that the rights of a CBBC holder are exercisable in European style only, i.e. the rights are exercisable on expiry date.
6. Prescribing the manner in which a CBBC will be settled.
7. Requiring a provision on an automatic cash settlement to be included in the CBBC’s terms and conditions.
8. Requiring suspension of trading of the CBBC upon a MCE, and the requirement to announce certain information to Bursa Securities upon the suspension.
9. Prescribing the time period within which an issuer must announce a cash amount payable to the holders where the SWs are settled in cash.
10. Prescribing situations when Bursa Securities may cancel the CBBC trades that are executed after a MCE.

Other amendments relating to SWs which we have made to accord greater clarification to the market are as follows:

11. Clarifying that the conversion ratio in paragraph 5.21 of the Main LR is also applicable to an exchange-traded fund.

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12. Clarifying in paragraph 5.17 of the Main LR that where an adjustment is necessary pursuant to any reasons, be it a Corporate Proposal (as defined in paragraph 5.02 of the Main LR) or **otherwise**, an issuer may only adjust the exercise price, conversion ratio or call price of its structured warrants.

The above amendments are as set out in **Appendix 1** and are reflected in the following manner:

- Portions underlined are text newly inserted/added onto the existing rules; and
- Portions struck through are text deleted.

**E. IMPLEMENTATION**

All the above amendments take effect **immediately**.

**F. FURTHER INFORMATION**

A copy of the Questions and Answers is attached as **Appendix 2**, to facilitate better understanding of the amendments.

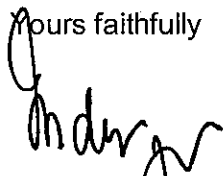
Please note that the amendments and the Questions and Answers are available for reference on the Exchange's website at <http://www.bursamalaysia.com>.

For further queries on the amendments, please contact –

- (a) Suzalina Harun (Ext 7353)
- (b) Wan Choon Yen (Ext 7318)

Thank you.

Yours faithfully



**INDERJIT SINGH**  
Head  
Listing Division  
Regulation

Encl.