

Our Ref: RPA/ISS/TAC(ro)/LD 11/11

22 September 2011

**The Company Secretary
(Listed Corporations)**

Via email

Dear Sir/Madam,

- (1) **AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) ACE MARKET LISTING REQUIREMENTS (“ACE LR”) IN RELATION TO DISCLOSURE AND OTHER OBLIGATIONS**
 - (2) **CORPORATE DISCLOSURE GUIDE**
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1. INTRODUCTION

Pursuant to section 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), Bursa Securities has amended the ACE LR in various key areas. In addition, Bursa Securities has also issued a Corporate Disclosure Guide.

2. BACKGROUND

In line with our aim of enhancing market quality, we have reviewed the ACE LR with emphasis on providing greater guidance and clarity to the market in the key areas of disclosure and corporate governance. In our review, we have also taken into account, amongst others, listed corporations’ request for greater flexibility and efficiency when undertaking corporate proposals, industry feedback, our findings and observations arising from our supervision and monitoring activities, stakeholder engagements and international standards.

In conjunction with the review of the ACE LR, we have also developed a Corporate Disclosure Guide (“**CD Guide**”).

In this regard, we had published 2 consultation papers seeking public feedback on various proposed amendments to ACE LR on the listed corporations’ disclosure obligations, corporate governance practices and other obligations, as well as the CD Guide. We had also conducted several focus group meetings with various industry groups and stakeholders to have a deeper insight of industry views on the key amendments to the ACE LR and the CD Guide.

In finalising both the amendments to the ACE LR and the CD Guide, we have considered the feedback or comments received on the consultation papers, and reviewed our proposals accordingly.

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3. AMENDMENTS TO THE ACE LR

3.1 Amendments

The amendments to the ACE LR as mentioned above are in the following key areas (“**Amendments**”):

- (a) improving the quality of information for financial reporting;
- (b) improving disclosure by listed corporations in areas of related party transactions, poll voting, corporate proposals, boardroom/senior management/external audit announcements;
- (c) according greater flexibility to listed corporations in structuring share schemes for employees;
- (d) promoting greater transparency in respect of share schemes for employees which do not involve issuance of new shares;
- (e) facilitating listed corporations to pay dividends in shares to their shareholders through a “Dividend Reinvestment Scheme”; and
- (f) promoting greater efficiency in the market by allowing listed corporations to buy back odd lot shares through direct business transactions.

These Amendments are expected to improve the quality of disclosure in our market, enhance transparency and eventually enhance the investability of our listed corporations.

The Amendments are summarised in **Appendix 1** for ease of reference while the full text of the ACE LR (with the Amendments duly tracked) is attached as **Appendix 2**.

3.2 Other Amendments

In addition to the above, Bursa Securities has also made the following amendments to the ACE LR which take effect immediately (“**Other Amendments**”):

- (a) streamlining the ACE LR with the provisions under the Malaysian Take-Overs and Mergers Code 2010 (“**TOM Code**”);
- (b) amending the ACE LR consequential to the Capital Markets and Services (Price Stabilization Mechanism) (Amendment) Regulations 2010;
- (c) amending the definition of “controlling shareholder” in the ACE LR consequential to the Capital Markets and Services (Amendment) Act 2010;

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- (d) replacing the relevant titles of financial statements pursuant to the Financial Reporting Standard 101: Presentation of Financial Statements ("**FRS 101**");
- (e) extending the requirements for placement of securities and restricted offers for subscription to a restricted offer for sale undertaken by a listed corporation; and
- (f) clarifying the processing fees payable for consolidation of shares and corporate proposal which will result in a significant change in the business direction or policy of a listed corporation.

A summary of the Other Amendments is set out in **Appendix 3** for ease of reference while the full text of the ACE LR (with the amendments duly tracked) is attached as **Appendix 4**.

The Amendments and Other Amendments in Appendices 2 and 4 respectively are reflected in the following manner:

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

4. IMPLEMENTATION

Given the extent of the Amendments, we are mindful that listed corporations should be given sufficient grace period to understand and comply with the amended ACE LR. Therefore, apart from the Other Amendments which will become effective immediately, listed corporations are given more than 3-months to understand and comply with the Amendments.

In addition, we have provided some "Questions and Answers" to facilitate listed corporations' better understanding of, and compliance with, the Amendments. The "Questions and Answers" is attached as **Appendix 5**.

The table below sets out the effective dates of the Amendments and Other Amendments.

The Amendments	Appendix	Effective Date / Period of Compliance
Amendments		
Enhanced disclosures in the quarterly report under Appendix 9B	Appendices 1 and 2	All listed corporations must ensure the quarterly reports for the financial periods ending on or after 31 December 2011 comply with the enhanced disclosures in Appendix 9B.



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The Amendments	Appendix	Effective Date / Period of Compliance
Enhanced disclosures in the annual report under Appendix 9C	Appendices 1 and 2	All listed corporations must ensure the annual reports issued in respect of the financial years ending on or after 31 December 2011 comply with the enhanced disclosures in Appendix 9C.
Disclosure of additional information in a circular for shareholders' mandate where a sum is due and owing to a listed corporation by its related party pursuant to a recurrent related party transaction <ul style="list-style-type: none">• new paragraph 16A and 16B in Annexure GN8-A	Appendices 1 and 2	All listed corporations must ensure that circulars issued on or after 3 January 2011 comply with the enhanced disclosures under Annexure GN8-A.
Amendments in Chapter 7	Appendices 1 and 2	Notwithstanding the deeming provision in Rule 7.36 of the ACE LR, listed corporations must seek shareholders' approval for the amendments to the articles of association at its annual general meeting or extraordinary general meeting held within 2 years (i.e. by 31 December 2013) .
All other Amendments not specified above	Appendices 1 and 2	3 January 2012
Other Amendments	Appendices 3 and 4	22 September 2011

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5. CORPORATE DISCLOSURE GUIDE

In tandem with the issuance of the Amendments, we have also issued a Corporate Disclosure Guide which seeks to provide clarification and guidance to the listed corporations' disclosure obligations under the ACE LR ("**CD Guide**").

The CD Guide clarifies and illustrates how the disclosure requirements should be applied in practice, and addresses the common issues faced by listed corporations relating to disclosure. It also recommends the best practices to be adopted as part of listed corporations' internal policies and procedures to enable them to better discharge their disclosure obligations. Further, the CD Guide also sets out a list of key take-aways which summarises the best practices and recommendations contained in the CD Guide. This provides a quick overview of the CD Guide.

It is hoped that the CD Guide will aid in enhancing adherence to the "substance" of disclosure and not mere form. This will, in turn, improve the overall transparency in the market place and enhance the investability of listed corporations.

A copy of the CD Guide is attached as **Appendix 6** for your kind reference.

6. ADDITIONAL INFORMATION

This letter and all the above documents are also available at Bursa Malaysia's website at <http://www.bursamalaysia.com>.

If you have any queries on the above, please do not hesitate to liaise with the contact persons from our Listing Division who have been assigned to you as informed via our letter dated 20 June 2008 (Our Ref: IS/LD/09/08), the details of which can also be found at http://www.bursamalaysia.com/website/bm/contact_us.html.

Thank you.

Yours faithfully,



SELVARANY RASIAH
Chief Regulatory Officer

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