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Public Feedback Sought: Consultation Paper On Proposed Amendments To Listing Requirements

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Bursa Malaysia Securities Berhad (Bursa Malaysia) has issued a consultation paper on 30 November 2023 to seek public feedback on its proposed amendments to the Main Market Listing Requirements (Main LR) and ACE Market Listing Requirements (ACE LR) (collectively, LR) in relation to new issue of securities and other areas.

Bursa Malaysia welcomes views from the public and interested parties are invited to submit their comments and feedback by 26 January 2024.

With the aim of ensuring that the LR remains fit for purpose with the rapidly evolving capital market and to promote greater transparency within the market, the following key enhancements to the LR are being proposed:

Enhancing transparency on fund-raising exercises involving new issue of securities

1. Quarterly announcements on details of placement exercises on a staggered basis

To provide ease to shareholders and investors on all information in relation to placement exercise, Bursa Malaysia proposes that a listed issuer must consolidate and announce the following information pertaining to each staggered issuance simultaneously with the announcement of its quarterly report¹:

- (a) The price-fixing date and issuance date of each staggered issuance.
- (b) The number of securities issued and allotted for each staggered issuance.

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¹ Proposed new paragraph 6.07(2)(b) of the Main LR / new rule 6.08(2)(b) of the ACE LR.

- (c) The issue price and basis of determining the issue price for each staggered issuance.
 - (d) The aggregate number of securities issued and allotted pursuant to the placement at the end of each quarter.
2. Disclosure of placees' financial capability in subscribing for the placement securities

In order to demonstrate that the placement of securities would be subscribed by genuine investors, it is proposed that a listed issuer and its Recognised Principal Adviser be required to provide details on the financial standing and source of funds of the placees.²

For the above purposes, '*financial standing*' refers to the financial strength, status or net worth as evidenced through, inter alia, the placee's assets and liabilities, savings in bank accounts or record of salary payments and '*source of funds*' refers to where the funds used as payment for placement securities are transferred from, including the placee's bank account, or any loan, credit or margin financing account.

3. Quarterly announcements on status and details of utilisation of proceeds from a fund-raising exercise

To provide shareholders with greater insights on the usage of the funds raised and ensure listed issuers remain accountable to their shareholders on the uses of the funds, it is proposed that a listed issuer must announce the following information on a quarterly basis simultaneously with the announcement of its quarterly report³:

- (a) The details of the projects, initiatives or purposes funded by the proceeds together with their status and progress.
- (b) The amount of the unutilized proceeds, if any, including the place and name of the entity where the proceeds are deposited or kept.

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² Proposed new paragraph 6.15(1)(a)(v) of the Main LR / new rule 6.16(1)(a)(v) of the ACE LR.

³ Proposed new paragraph 6.07A of the Main LR / new rule 6.08A of the ACE LR.

A listed issuer is expected to disclose the key milestones of the projects, initiatives or purpose pending full utilisation of the proceeds raised.

4. Disclosures relating to equity fund-raising exercises where proceeds raised have yet to be fully utilised

In order to enable shareholders to make better informed decisions and to question the status of past fund-raising exercises undertaken by the listed issuer, it is proposed that the disclosure requirements be extended to include all equity fund-raising activities implemented in the past where the proceeds raised have yet to be fully utilised.⁴

Enhancing the framework for Employee Share Scheme

1. Application of prescribed threshold to a Share Grant Scheme

It is proposed that a listed issuer which implements a Share Grant Scheme⁵ is required to ensure that the number of shares to be issued under the scheme must not exceed 15% and 30% for Main Market and ACE Market listed issuers respectively, of the total issued shares of the listed issuer at any one time (prescribed threshold).⁶

2. Enhanced disclosure relating to Employee Share Schemes in annual reports

Bursa Malaysia also proposes to enhance the disclosures in annual report pertaining to the options and shares granted, exercised, vested or remained outstanding under each Employee Share Scheme based on categories of participants.⁷

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Enhancing remuneration disclosure of Chief Executive

⁴ Proposed amendments to paragraph 14 in Part A of Appendix 6A and paragraph 21 in Part A of Appendix 6B of the Main LR and paragraph 14 in Part A of Appendix 6A and paragraph 22 in Part A of Appendix 6B of the ACE LR.

⁵ A "Share Grant Scheme" is a scheme involving the grant of a listed issuer's existing shares to the employees.

⁶ Proposed amendments to paragraph 8.19 of the Main LR and rule 8.21 of the ACE LR.

⁷ Proposed amendments to paragraph 27(b) in Part A of Appendix 9C of the Main LR and paragraph 28(b) in Part A of Appendix 9C of the ACE LR.

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To enable shareholders to make informed assessments on the appropriateness of the remuneration, it is proposed that the remuneration of Chief Executives of listed corporations, closed-end funds and trustee-manager of a business trusts to be disclosed on a named basis in the annual report.⁸

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We are a full-service commercial law firm with a head office in Kuala Lumpur and a branch office in Penang. Our key areas of practice are as follows:-

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- Real Estate Transactions
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⁸ Proposed amendments to paragraph 11 of Part A of Appendix 9C of the Main LR and paragraph 12 of Part A of Appendix 9C of the ACE LR.