

Our Ref: SR/RPA(ISS)/LD 15/12 (ETB)

26 September 2012

The Company Secretary
(Listed corporation)

via email

Dear Sir/Madam,

EXCHANGE TRADED BONDS (“ETB”):

PROPOSED AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET AND ACE MARKET LISTING REQUIREMENTS

1. INTRODUCTION

Pursuant to section 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), Bursa Malaysia Securities Berhad (“**the Exchange**”) has amended the Main Market Listing Requirements (“**Main LR**”) and ACE Market Listing Requirements (“**ACE LR**”) to provide for a framework for ETB as well as other consequential amendments (collectively “**ETB Amendments**”).

2. BACKGROUND

Pursuant to the 2011 budget announcement by our Minister of Finance, the Exchange was tasked with providing a platform to increase vibrancy and liquidity of bonds trading.

In this connection, the Exchange has worked with the Securities Commission and Bank Negara Malaysia, as well as the other industry participants to arrive at the business model and regulatory framework for ETB.

The Exchange had on 4 May 2012, issued a public consultation paper to seek views from the public on the proposed ETB Amendments. In finalizing the ETB Amendments, we have considered the feedback and comments received on the consultation paper and reviewed our proposals accordingly.

3. OBJECTIVES

We believe the introduction of ETB and the ETB Amendments will achieve the following objectives:

- deepen and broaden the Malaysian bond market with retail participation;
- provide issuers with greater flexibility in their fund raising exercises;

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- facilitate retail investors to participate in bonds trading through the Exchange;
- widen the choice of investments on the Exchange;
- promote transparency of bonds trading in the Malaysian capital market;
- promote efficient price discovery through transparent bid ask quotes on the Exchange; and
- safeguard investors’ interest via balanced rules and reliable clearing and settlement system that guarantees bonds trading.

4. PROPOSED AMENDMENTS TO THE LISTING REQUIREMENTS

The requirements relating to an issue of debt securities by a listed corporation under Part H of Chapter 6 have been removed from the ACE LR. Now, a listed corporation on the ACE Market which intends to list debt securities must comply with Chapter 4B of the Main LR

The key ETB amendments under Chapter 4B of the Main LR are as follows:

- (a) setting out the procedures for listing and quotation of ETB, including prescribing the initial listing application form and the supporting documents;
- (b) allowing the listing of a convertible or exchangeable ETB only if it is convertible or exchangeable into listed shares. Such ETB must comply with the relevant provisions in Part I of Chapter 6 of the Main LR, which relates to an issue of convertible securities, in addition to the ETB requirements set out in Chapter 4B of the Main LR;
- (c) removing the requirement of 100 holders for listing of debt securities by a listed issuer at admission, as there is no public spread requirement for ETB at admission or as a continuing listing obligation. Market makers registered with the Exchange will undertake voluntary market making to provide for liquidity of ETB in accordance with the Rules of Bursa Malaysia Securities Berhad and directives that are applicable to market makers;
- (d) requiring the trust deed or other document governing the rights of the sukuk or debt securities holders to include provisions on meetings of sukuk or debt securities holders as set out in Appendix 4B-A of the Main LR;
- (e) requiring a foreign issuer to appoint an agent or representative in Malaysia to be responsible for communicating with the Exchange and maintain a paying agent or its equivalent in Malaysia;
- (f) if the sukuk issuer is a special purpose vehicle, requiring its obligors to comply with the requirements imposed on the issuer, as if it were the issuer;

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- (g) requiring an issuer to immediately announce to the Exchange any material information;
- (h) prescribing the events of immediate announcements by an issuer of ETB to the Exchange, such as announcement of any new tranche or programme by the issuer, any occurrence of an event of default under the trust deed, credit rating of ETB, books closing date, events requiring immediate notification to its trustee pursuant to the trust deed, notice of meeting of sukuk and debt securities holders and etc;
- (i) dispensing with the requirement to issue a notice of maturity or expiry of the ETB and advertise a summary of the same in newspaper for an ETB which is not convertible and exchangeable into listed shares;
- (j) requiring an ETB issuer to announce to the Exchange, its annual audited financial statements and half yearly unaudited and audited financial statements unless the ETB is issued or guaranteed by the Federal Government, State Government or Bank Negara Malaysia;
- (k) requiring an ETB guarantor to announce to the Exchange, its annual audited financial statements unless the guarantor is exempted;
- (l) clarifying the requirements which are applicable to an ETB issuer which is the Federal Government, State Government or Bank Negara Malaysia;
- (m) removing the requirement to issue an information memorandum/offering circular for a listing of sukuk or debt securities under the Exempt Regime¹;
- (n) removing the requirement for an issuer under the Exempt Regime to issue its annual audited financial statements to the sukuk or debt securities holders. Instead, such issuer must announce to the Exchange its annual audited financial statements only;
- (o) prescribing the events of delisting of an issuer of ETB or under the Exempt Regime; and
- (p) revising the listing fees for ETB.

The full text of the ETB Amendments is attached as **Appendix 1**.

The ETB Amendments in **Appendix 1** are reflected in the following manner:

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

¹ Exempt Regime means a regime under which the sukuk or debt securities are offered, issued or subscribed in accordance with Section 229(1) or Section 230(1) of the Capital Market and Services Act 2007, and are listed but not quoted for trading on the Exchange.

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5. IMPLEMENTATION

With the exception of new paragraphs 4B.07, 4B.10(4) and 4B.13 of the Main LR (which relate to foreign issuers), the ETB Amendments will become effective immediately. We will notify the effective date of paragraphs 4B.07, 4B.10(4) and 4B.13 of the Main LR at a later date.

In addition, we have provided some “Questions and Answers” to facilitate the issuer's better understanding of, and compliance with the ETB Amendments. The Questions and Answers are attached as **Appendix 2**.

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/contact>.

Thank you.

Yours faithfully,



SELVARANY RASIAH
Chief Regulatory Officer

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