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**QUESTIONS AND ANSWERS IN RELATION TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
(As at 2 February 2021)**

**CHAPTER 6 – NEW ISSUES OF SECURITIES**

***Admission***

- 6.1 Pursuant to paragraph 6.02(3)(d) of the Main LR, Bursa Securities when granting approval for the listing of a new issue of securities by listed issuers, will consider amongst others, whether the listed issuer has satisfactory corporate governance practices. What will Bursa Securities consider in determining whether that is fulfilled?**

Bursa Securities in considering a proposal, would take into account a listed issuer's corporate governance record, including any previous actions taken against the listed issuer for any breach of any relevant laws, guidelines or rules issued by the SC or Bursa Securities, or for failure to comply with any written notice or condition imposed by the SC or Bursa Securities.

In addition, Bursa Securities will also consider the past corporate conduct of the board of directors.

- 6.2 Is a listed issuer allowed to submit its listing application for a new issue of securities to Bursa Securities on its own?**

Yes, but only in certain specified instances under paragraph 6.02(4) of the Main LR. Pursuant to the said requirement, a listing application in relation to a Specified Bonus Issue<sup>1</sup> of equity securities or an issue of new units by an exchange-traded fund, may be submitted by the listed issuer on its own or the management company of the exchange-traded fund, as the case may be, without a Principal Adviser. Apart from this, listing applications for all the other new issue of securities must be submitted through a Principal Adviser.

***Listing procedures***

- 6.3 What is the key difference between the procedures under paragraph 2.0 and 4.0 of Practice Note 28?**

Pursuant to paragraph 2.0 of Practice Note 28, the listed issuer is required to submit 2 applications to Bursa Securities for approval -

- (i) Additional Listing Application (“**ALA**”) - of which the approval from Bursa Securities will be sought for the listing of new securities; and

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<sup>1</sup> A “**Specified Bonus Issue**” is a bonus issue of securities which –

- (i) is not conditional upon any other corporate proposal, or  
(ii) is conditional upon another corporate proposal but –  
(aa) that other corporate proposal is a subdivision or consolidation of shares; or  
(bb) that other corporate proposal has been completed or become unconditional.

- (ii) Quotation Application – of which listed issuer is required to furnish Bursa Securities with the requisite documents/confirmations to facilitate the listing and quotation of the new securities on Bursa Securities.

However, under paragraph 4.0 of Practice Note 28, the Quotation Application is merged with the ALA. Hence, only 1 application is required to be submitted to Bursa Securities (“**Consolidated Application**”). All the requisite documents/confirmations required under the Quotation Application will be procured in the form of undertakings when the listed issuer submits its Consolidated Application.

The procedures under paragraph 4.0 of Practice Note 28 are similar to paragraph 3.0 of Practice Note 28 in relation to the listing of bonus issue of securities and convertible securities arising from the bonus issue, which was implemented successfully in April 2007 with the objective of shortening the time to market.

**6.4 When a listed issuer undertakes a new issue of securities and a draft circular for such proposal is required to be submitted to Bursa Securities for its review before issuance to the shareholders, must the listed issuer submit the draft circular to Bursa Securities together with the listing application?**

Yes, the listed issuer must submit the draft circular together with its listing application for the new issue of securities and supporting documents for Bursa Securities’ review. Bursa Securities will revert with the decision on the listing application and comments on the draft circular at the same time.

**6.5 Please elaborate further on the type of proposals to which the procedures under paragraph 4.0 of Practice Note 28 apply.**

This procedure is applicable to the additional securities which will be listed and quoted as the existing listed securities of the same type and class.

**Examples where paragraph 4.0 is applicable**

**Example 1**

*PLC A* proposes to issue additional new ordinary shares pursuant to the exercise of Share Issuance Scheme where the new ordinary shares arising from the Share Issuance Scheme will be listed and quoted as the existing listed ordinary shares.

In this instance, *PLC A* will adhere to the procedures under paragraph 4.0 for the listing and quotation of the new ordinary shares issued pursuant to the Share Issuance Scheme as it involves the same class of securities.

**Example 2**

*PLC B* has existing ordinary shares and warrants listed on Bursa Securities. *PLC B* proposes to undertake a rights issue of 100 million new ordinary shares on the basis of 1 new ordinary share for every 2 existing ordinary shares held ("**Rights Issue**"). Pursuant to the provision in the deed poll, additional warrants will be issued arising from the adjustment pursuant to the Rights Issue ("**Additional Warrants**").

In this instance, *PLC B* will adhere to the procedures under paragraph 4.0 provided that the additional 100 million new ordinary shares and the Additional Warrants will be listed and quoted as the existing listed ordinary shares and warrants respectively.

**Example 3**

*PLC E* undertakes a corporate exercise which entails the following:

- (a) Proposed acquisition of *ABC company* for a purchase consideration of RM100 million to be satisfied by the issuance of 50 million new ordinary shares at RM2.00 per share ("**Acquisition**").
- (b) Rights issue of 80 million new ordinary shares on the basis of 1 new ordinary share for every 1 share held ("**Rights Issue**").

**Facts**

- (i) The Acquisition shares and Rights Issue will be listed and quoted as the existing listed ordinary shares; and
- (ii) The Acquisition and Rights Issue are inter-conditional upon each other and hence, the new ordinary shares arising from both the Rights Issue and Acquisition must be listed and quoted at the same time.

In this instance, *PLC E* will adhere to the procedures under paragraph 4.0 of Practice Note 28 because both the new shares arising from the Acquisition and Rights Issue will be listed and quoted as the existing listed shares.

**Examples where paragraph 4.0 of Practice Note 28 is NOT applicable****Example 4**

*PLC C* proposes to undertake a private placement of new ordinary shares and these new ordinary shares will not be entitled to the final dividend for the financial year ended 30 March 2009.

As the new ordinary shares to be issued pursuant to the private placement will not be listed and quoted as the existing listed ordinary shares to which the procedures under paragraph 4.0 apply, *PLC C* must follow the procedure under paragraph 2.0 of Practice Note 28.

**Example 5**

*PLC D* has existing ordinary shares and warrants listed on Bursa Securities and proposes to undertake a rights issue of 80 million new ordinary shares and RM80 million nominal value of Irredeemable Convertible Loan Stocks ("**ICULS**") to its shareholders.

As the rights issue involves the issuance of a new type of securities i.e. ICULS, which is not currently listed, *PLC D* must follow the listing procedures under paragraph 2.0 of Practice Note 28 similar to Example 3 above.

**Example 6**

*PLC F* undertakes a corporate exercise which entails the following:

- (a) Proposed acquisition of *DEF company* for a purchase consideration of RM100 million to be satisfied by the issuance of 50 million new ordinary shares at RM2.00 per share ("**Acquisition**").
- (b) Rights issue of 80 million new ordinary shares on the basis of 1 new ordinary share for every 1 share held ("**Rights Issue**").

**Facts**

- (i) The new ordinary shares arising from the Acquisition will not be entitled to the Rights Issue;
- (ii) The Rights Issue shares will be listed and quoted as the existing listed ordinary shares; and
- (iii) The Acquisition is not conditional upon the Rights Issue.

In this instance, *PLC F* will adhere to the following procedures:

- Procedures under paragraph 2.0 of Practice Note 28 for new ordinary shares arising from Acquisition as it involves the issuance of a new class of securities i.e. "A" shares; and
- Procedures under paragraph 4.0 of Practice Note 28 for Rights Issue because the new shares arising from the Rights Issue will be listed and quoted as the existing listed shares.

Please refer to Annexure PN28-A of Practice Note 28 for a better understanding on the application of each additional listing procedure set out under paragraphs 2.0, 3.0 and 4.0 of Practice Note 28.

**6.6 When will the listing and quotation of the additional securities be effected under paragraph 4.0 of Practice Note 28?**

Pursuant to the procedures under paragraph 4.0 of Practice Note 28, the additional securities will be listed and quoted on the next market day after the listed issuer has -

- (a) submitted the relevant certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before **10 a.m.** on the market day before the listing date;
- (b) received confirmation from Bursa Depository that the additional securities are ready for crediting into the respective account holders; and
- (c) announced pursuant to paragraph 13.2 of Practice Note 28 through *Bursa Link* via a dedicated template, "*ALA template*" before **3 p.m.** on the market day before the listing date the following:
  - (i) details of corporate proposal;
  - (ii) total number of securities issued under each proposal and its issue price, if any ;
  - (iii) date of listing and quotation; and
  - (iv) latest share capital and number of issued shares after the proposal indicating the number of shares (in units and RM).

**6.7 A controlling shareholder which is a statutory institution managing funds belonging to the public is no longer required to list down its directorships or substantial shareholdings in all other listed issuers in Malaysia for the past 3 years, in the additional listing application for new issue of securities under paragraph 12, Part A of Annexure PN28-B. What are some examples of "statutory institutions managing funds belonging to the public"?**

Examples of statutory institutions managing funds belonging to the public include the Employees Provident Fund ("**EPF**"), Lembaga Tabung Angkatan Tentera ("**LTAT**"), Kumpulan Wang Persaraan (Diperbadankan) ("**KWAP**") and Lembaga Tabung Haji.

**6.8 Paragraph 1(c) of Part C Annexure PN28-B of Practice Note 28 requires a listed issuer to enclose among others, a confirmation from the listed issuer that Bursa Depository is ready to credit the new securities to the accounts of the entitled holders. Are there any specific requirements to be complied with by a listed issuer with regard to providing this confirmation?**

In order to provide the confirmation that Bursa Depository is ready to credit the new securities to the accounts of the entitled holders, a listed issuer must procure a confirmation from Bursa Depository as set out below when the listed issuer submits the new scrip in respect of new securities to Bursa Depository. The listed issuer must include the following confirmation in its cover letter to Bursa Depository when submitting the said new scrip:

*"(To be completed by Bursa Malaysia Depository Sdn Bhd)*

*We hereby confirm that Bursa Malaysia Depository Sdn Bhd has received all the relevant documents from the share registrar/ issuer to facilitate the crediting of the above allotment. The above securities will be credited into the designated CDS accounts one (1) market day prior to the listing/quotation of the above securities.*

.....  
Name : (Authorised signatory)  
Date : "

Bursa Depository will then acknowledge on the said cover letter. The listed issuer must submit a copy of the cover letter duly acknowledged by Bursa Depository to Bursa Securities as the confirmation required under paragraph 1(c) of Part C, Annexure PN28-B, together with the other documents as required under Part C of Annexure PN28-B in support of an application for quotation of new issue of securities.

### **General requirements for new issue of securities**

#### **6.9 When should a listed issuer seek a general mandate from its shareholders to issue new securities?**

A listed issuer is encouraged to seek a general mandate from its shareholders only when it has a clear purpose for the utilization of the general mandate, such as for working capital or debt repayment.

#### **6.10 The facts are as follows:**

- On 31 July 2017, *PLC A* obtained a general mandate from its shareholders under paragraph 6.03(1) of the Main LR to issue shares at any time until the conclusion of its next annual general meeting provided that the aggregate number of shares to be issued does not exceed 10% of its total number of issued shares for the time being.
- *PLC A's* total number of issued shares as at 31 July 2017 was 95 million shares.
- On 1 September 2017, *PLC A's* total number of issued shares increased to 100 million shares pursuant to a private placement exercise of 5 million shares issued under the general mandate.
- On 31 December 2017, *PLC A* issued another 50 million shares pursuant to a rights issue exercise which has been approved under a specific shareholders' approval.
- *PLC A* intends to undertake another private placement exercise by 30 June 2018.

**What is the maximum amount of shares that *PLC A* can issue for the private placement exercise under the general mandate?**

As at 30 June 2018, *PLC A's* total number of issued shares is 150 million. Therefore, the maximum amount that *PLC A* can issue under the general mandate is 15 million shares. Since *PLC A* has issued 5 million shares under the general mandate in the preceding 12 months, the maximum number of shares that can be issued under the general mandate as at 30 June 2018 is 10 million shares.

- 6.11 The minimum information that is to be disclosed in an announcement or circular in relation to a new issue of securities has been prescribed in Chapter 6 of the Main LR. Would a listed issuer be in compliance with the disclosure requirement if it merely complies with the minimum content of information prescribed in Chapter 6?**

No, in addition to complying with the minimum content of information prescribed under the Main LR, a listed issuer must always also ensure compliance with other applicable disclosure obligations such as the standard of disclosure prescribed under paragraph 9.35A of the Main LR.

- 6.12 *B Sdn Bhd* is a subsidiary company of *A Bhd*, a listed issuer. *B Sdn Bhd* intends to issue shares to its own director. This director is not a director or major shareholder of *A Bhd* or its holding company or a person connected with such director or shareholder. Must *A Bhd* obtain shareholder approval for this issuance of securities?**

Subject to paragraph 8.21 of the Main LR, *A Bhd* need not obtain shareholder approval for the above issuance of securities under the Main LR. However, pursuant to paragraph 6.06(4) of the Main LR, the board of directors of *A Bhd* must approve the allotment/issuance to the director and ensure that it is fair and reasonable to the listed issuer, and is in its best interests. Further, *A Bhd* must make an announcement which contains the prescribed information under paragraph 6.06(4)(c) and since it is not an exempted transaction under paragraph 10.08(11)(a) of the Main LR, the announcement must also comply with paragraph 10.08(1) of the Main LR.

- 6.13 *A Bhd*, a listed issuer, is issuing shares to a director of its subsidiary, *C Sdn Bhd* for cash. The director is not a director or major shareholder of *A Bhd* or its holding company or a person connected with such director or shareholder. Must *A Bhd* obtain shareholder approval for the issuance of securities?**

No, paragraph 6.06 of the Main LR does not impose any obligation on *A Bhd* in relation to such issuance of securities. Hence, shareholder approval is not required pursuant to paragraph 6.06. In addition, *A Bhd* need not comply with the requirements of Part E of Chapter 10 of the Main LR as this is an issuance of securities by the listed issuer for cash and hence, exempted under paragraph 10.08(11)(a) of the Main LR. However, please note that the general disclosure obligations under Chapter 9 of the Main LR may apply.

- 6.14 *D Sdn Bhd*, a subsidiary of *A Bhd*, a listed issuer. *D Sdn Bhd* intends to issue shares to a director of *A Bhd*. What are the obligations set out in paragraph 6.06 and Part E of Chapter 10 of the Main LR that *A Bhd* must comply with?**

Pursuant to paragraph 6.06(1) of the Main LR, *A Bhd* must obtain shareholder approval for the proposed allotment/issuance. *A Bhd* must also comply with the requirements of Part E of Chapter 10 of the Main LR as this is not a transaction exempted under paragraph 10.08(11)(a) of the Main LR. As such, the announcement in relation to the issuance/allotment must include the information set out in Appendices 10A and 10C of Chapter 10 and the circulars to shareholders must include the information in Appendices 10B and 10D of Chapter 10.

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**Requirements relating to placement**

- 6.15** Under paragraph 6.14(2) of the Main LR, one of the requirements in a back-to-back placement is that the listed issuer must give Bursa Securities a declaration from its existing shareholders involved in the back-to-back placement arrangement, that they will not derive any financial benefit from such an arrangement, directly or indirectly. When must such declaration be given to Bursa Securities?

The declaration must be submitted to Bursa Securities as part of the supporting documents for its listing application for new issue of securities.

**Requirements relating to a rights issue**

- 6.16** What are the corporate exercises which will be processed under SPEEDS?

The following corporate exercise will be processed under SPEEDS:

- (a) Specified Bonus Issue;
- (b) Specified Subdivision<sup>2</sup>;
- (c) Specified Consolidation<sup>3</sup>;
- (d) Crediting of shares from capital restructuring involving share cancellation and reduction in the number of shares held by each shareholder of a listed issuer; and
- (e) Crediting of rights entitlement ("**Rights**").

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<sup>2</sup> A "**Specified Subdivision**" is a subdivision of shares which –

- (i) is not conditional upon any other corporate proposal, or
- (ii) is conditional upon another corporate proposal but –
  - (aa) that other corporate proposal is a bonus issue; or
  - (bb) that other corporate proposal has been completed or become unconditional.

<sup>3</sup> A "**Specified Consolidation**" is a consolidation of shares which –

- (i) is not conditional upon any other corporate proposal, or
- (ii) is conditional upon another corporate proposal but –
  - (aa) that other corporate proposal is a bonus issue; or
  - (bb) that other corporate proposal has been completed or become unconditional.

**6.17 How does a shareholder know whether a particular corporate exercise is processed under SPEEDS?**

Shareholders may refer to the issuer's announcement of the books closing date ("BCD") in relation to the corporate exercise. If a corporate exercise is processed under SPEEDS, the date of listing and quotation of the securities will be on the next market day after the BCD, and such date will be stated in the announcement.

**6.18 What is the timeline for the quotation of the rights for trading if the Rights are processed under SPEEDS?**

The timelines for the crediting of Rights processed under SPEEDS are set out in the table below.

Activities	Current Timeline for Rights Issue	SPEEDS timeline
Announcement of BCD	BCD - 10	BCD - 10
Books closing date	BCD	BCD
Trading of Rights Commence	BCD + 3	BCD + 1

**6.19 When will a listed issuer be required to announce the important relevant dates of a rights issue pursuant to paragraph 6.24 of the Main LR?**

A listed issuer is required to announce the important relevant dates concurrently with the announcement of the BCD for a rights issue. A listed issuer must make the announcement via Bursa Link by using the relevant templates for announcements of the BCD and important relevant dates i.e. the "Entitlements (Notice of Books Closure)" and "Important Relevant Dates for Renounceable Rights" templates respectively.

**6.20 What is the cut-off time for a listed issuer to submit to Bursa Securities a copy of the abridged prospectus ("AP") in respect of a rights issue pursuant to paragraph 6.25 of the Main LR?**

A listed issuer must submit to Bursa Securities a copy of the AP together with a soft copy in PDF file format before 3.00 p.m. at least 1 market day before the commencement of trading of Rights.

**6.21 Is the issuer required to submit any document to Bursa Depository before the BCD for the purpose of processing the Rights under SPEEDS?**

The issuer must submit an undertaking letter in the prescribed format to Bursa Depository on the announcement date of the BCD for the Rights to be processed under SPEEDS. The undertaking letter must include the following:

- (a) The current share capital and number of issued shares of the issuer;
- (b) Designated CDS account for the crediting of fractional shares/rights;
- (c) Options on the allotment of fractional rights; and
- (d) An undertaking that the new share certificates will be submitted to Bursa Depository on the BCD.

- 6.22 If a shareholder maintains his shares in a few Central Depository System (“CDS”) accounts and the Rights are processed under SPEEDS, how will the Rights arising from the process under SPEEDS be calculated and credited into the shareholder’s CDS accounts?**

All Rights will be calculated separately based on the shareholder’s shareholdings in the respective CDS accounts. The Rights will be credited into the respective CDS accounts. Notice of Provisional Allotment Letter with details of the transaction for each CDS account will be issued to the shareholder.

- 6.23 When is the share registrar required to submit the Provisional Allotment Letter (“PAL”) to Bursa Depository for the Rights to be processed under SPEEDS?**

For share registrars located within Klang Valley, the PAL must reach Bursa Depository by 5.30 p.m. on the BCD and in respect of outstation share registrars, the new certificates and PAL must be faxed to Bursa Depository by 5.30 p.m. on the BCD before being delivered to Bursa Depository.

- 6.24 How does a shareholder get a copy of the Rights Subscription Form if he has not received his Rights Subscription Form posted by the listed issuer?**

A shareholder can get a copy of the Rights Subscription Form from the share registrar. He can also download the Rights Subscription Form from [www.bursamalaysia.com](http://www.bursamalaysia.com) on the BCD of the rights issue onwards.

- 6.25 If a shareholder does not receive his Notice of Provisional Allotment Letter and Rights Subscription Form, who can he refer to?**

The shareholder can contact the respective share registrar handling the Rights issue exercise.

- 6.26 Under the SPEEDS processing, when will the share registrar receive the file containing the details on the crediting of the Rights (“SPEEDS entitlement file”) from Bursa Depository for the purpose of despatching the Notice of Provisional Allotment Letter and Rights Subscription Form?**

The SPEEDS entitlement file will be made available to the relevant share registrar on the morning of the listing date (BCD+1). After processing based on the SPEEDS entitlement file, the share registrar will print and despatch the Notice of Provisional Allotment Letter and Rights Subscription Form together with the prospectus not later than 2 market days after the BCD of the rights issue.

- 6.27 Can a shareholder sell his Rights even though he has not received the Notice of Provisional Allotment Letter and Rights Subscription Form?**

The Rights will be credited into shareholders CDS accounts before the commencement of the trading of Rights on BCD+1. Shareholders may sell their Rights from BCD+1 without having to wait for the Notice of Provisional Allotment Letter and Rights Subscription Form.

- 6.28 Is there any fee imposed by Bursa Depository for the processing of shares from the crediting of Rights under SPEEDS and if so, how much is the fee?**

Bursa Depository will impose on the issuer a processing fee of RM0.50 per account processed under SPEEDS. The processing fee is inclusive of the fee for the Record of Depositors (“**ROD**”). The fee of RM2.20 for the crediting of shares per account allotted remains the same.

**Requirements in relation to bonus issue**

- 6.29** What are the circumstances where the listed issuer, or the external auditors/reporting accountants, is required to provide confirmations that the available reserves for capitalization are sufficient to cover the capitalisation issue under paragraph 6.30(2)(b)<sup>4</sup> of the Main LR and paragraph 1(dA) in Part B, Annexure PN28-B<sup>5</sup> of Practice Note 28?

The following table clarifies the obligations of the listed issuer and the external auditors/reporting accountants in providing the relevant confirmations required for purposes of complying with paragraph 6.30(3) of the Main LR and paragraph 1(dA) in Part B, Annexure PN28-B of Practice Note 28:

	SCENARIO	FINANCIAL STATEMENTS RELIED UPON			OBLIGATIONS	
		Latest audited financial statements	Latest audited financial statements adjusted for subsequent events	Latest unaudited financial statements	Must the listed issuer confirm the sufficiency of reserves for capitalization?	Must the reserves for capitalization be verified and confirmed by the external auditors (or reporting accountants) and the report be submitted to Bursa Securities?
Are the available reserves for capitalization sufficient?	<b>Scenario 1</b>	Yes	N/A	Yes	Yes	No
	<b>Scenario 2</b>	Yes	N/A	No	Cannot undertake bonus issue	N/A

<sup>4</sup> Paragraph 6.30(2)(b) stipulates that a listed issuer undertaking a bonus issue by way of capitalisation must ensure that it has sufficient reserves to cover the capitalisation issue. If the reserves for capitalisation are not based on the annual audited financial statements of the listed issuer, such reserves must be verified and confirmed by the external auditors or reporting accountants of the listed issuer. Where a confirmation by the external auditors or reporting accountants is required, the reserves for capitalisation, which may be adjusted for subsequent events, must be based on the latest audited financial statements or the latest quarterly report, whichever is the later.

<sup>5</sup> Paragraph 1(dA) of Part B, Annexure PN28-B provides that a listed issuer must file the following documents in support of the listing application for a bonus issue by way of capitalisation:

- (a) confirmation from the listed issuer on the sufficiency of the reserves to cover the capitalization; and
- (b) where the confirmation from the external auditors or reporting accountants is required, the report from the external auditors or reporting accountants.

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	SCENARIO	FINANCIAL STATEMENTS RELIED UPON			OBLIGATIONS	
		Latest audited financial statements	Latest audited financial statements adjusted for subsequent events	Latest unaudited financial statements	Must the listed issuer confirm the sufficiency of reserves for capitalization?	Must the reserves for capitalization be verified and confirmed by the external auditors (or reporting accountants) and the report be submitted to Bursa Securities?
	<b>Scenario 3</b>	No	Yes	N/A (Latest quarterly financial statements subsequent to the audited financial statements is not due for release)	Yes	Yes
	<b>Scenario 4</b>	No	N/A	Yes	Yes	Yes

**6.30** In circumstances where the reserves for capitalization are based on the latest unaudited financial statements and such reserves must be verified and confirmed by the external auditors or reporting accountants, what is the required scope of the such audit verification or confirmation?

The audit verification or confirmation must be made in accordance with the approved auditing standards applied in Malaysia for review of interim financial statements.

In relation to a foreign issuer with primary listing on Bursa Securities, the audit verification or confirmation may also be made in accordance with the International Standards on Auditing.

- 6.31 Paragraph 6.31 of the Main LR requires a listed issuer which makes a bonus issue by way of capitalization of reserves arising from revaluation of real estate to submit 2 copies of the valuation report on the real estate to Bursa Securities immediately after the listed issuer announces the bonus issue or as soon as the valuation report is ready. Must the listed issuer submit the valuation report to the SC as well?**

No, a valuation report required under paragraph 6.31 of the Main LR must be submitted to Bursa Securities only. A listed issuer need not submit the report to the SC.

- 6.32 Must a valuer who is required to submit an undertaking to Bursa Securities under paragraph 6.31 of the Main LR, file an undertaking each time it acts for a listed issuer?**

No, a valuer is only required to provide Bursa Securities its letter of undertaking to comply with the Main LR once. The same undertaking will be applicable for all listed issuers which the valuer acts for.

- 6.33 *C Bhd*, a listed issuer is undertaking a bonus issue by capitalising its reserves arising from the revaluation of real estate. The valuation figure of the real estate is RM100 million. Pursuant to paragraph 6.31(4) of the Main LR, Bursa Securities obtains a second opinion valuation, by which the real estate is valued at RM80 million. *C Bhd* is required to retain at least 20% of the valuation amount of the real estate in the revaluation reserves after undertaking the bonus issue in accordance with the provisions of the Main LR. How much should *C Bhd* retain?**

*C Bhd* should retain at least RM16 million in the revaluation reserves after taking into account/undertaking the bonus issue (i.e. based on the lower of the 2 valuation figures). The 20% is computed based on the valuation amount for the real estate set out in the valuation report. Where a second opinion valuation is required, the 20% would be based on the lower of the 2 valuation figures.

- 6.34 *ABC Bhd* is considering a proposal to undertake a capitalisation issue. Based on its latest consolidated audited accounts, *ABC Bhd* has revaluation reserves of RM60 million. *ABC Bhd* however has accumulated losses of RM80 million. Can *ABC Bhd* undertake a capitalisation issue?**

Yes, *ABC Bhd* can undertake a capitalisation issue provided that it complies with Part F in Chapter 6 of the Main LR including ensuring that the reserves are sufficient for the capitalisation issue and its share price adjusted for a bonus issue is not less than RM0.50 based on the daily volume weighted average share price during the 3-month period before the application date.

- 6.35 [Deleted]**

**Requirements relating to a Share Issuance Scheme****6.36 With paragraph 6.41(d) of the Main LR, who can confirm adjustments (other than on a bonus issue, subdivision or consolidation of shares) under a Share Issuance Scheme?**

Pursuant to paragraph 6.41(d) of the Main LR, either the listed issuer's external auditor or Principal Adviser may confirm adjustments (other than on a bonus issue, subdivision or consolidation of shares) under a Share Issuance Scheme. However, this is subject to the provisions contained in the listed issuer's bylaws of the Share Issuance Scheme.

**6.37 Pursuant to paragraph 6.38(1) of the Main LR, the total number of shares to be issued under a Share Issuance Scheme must not exceed 15% of the total number of issued shares at any one time. How is this percentage calculated?**

Where a listed issuer has issued a percentage out of the 15% allowed under paragraph 6.38(1) of the Main LR, for the following issue, the listed issuer would need to deduct from the total number of issued shares, the number of shares already issued and paid for under the Share Issuance Scheme. The result from the deduction would be the new basis for calculating the percentage allowed for the scheme.

Illustration:

*PLC A* procured shareholder approval to implement a 5-year Share Issuance Scheme of up to 15% of its total number of issued shares on 8 February 2017. *PLC A* has a total number of issued shares of 100 million but arising from a rights issue implemented on 28 March 2017, the total number of issued shares is now 120 million. In addition, arising from the exercise of all the options offered by *PLC A* pursuant to the Share Issuance Scheme, as at December 2017, 10 million new shares were issued. Pursuant to paragraph 6.38 of the Main LR, what is the number of shares under the Share Issuance Scheme that can be offered by *PLC A* to its employees in year 2018?

Based on this example, the computation of the shares under the Share Issuance Scheme that may be offered by *PLC A* is as follow:

	Total Number of Issued Shares
8 February 2017	100 million
28 March 2017 (Issuance of new shares arising from rights issue – 20 million)	120 million
December 2017 (Total issuance of shares under the Share Issuance Scheme – 10 million)	130 million

Shares under the Share Issuance Scheme that can be offered by *PLC A* in year 2018:

= (15% x 130 million shares) LESS shares already issued under the Share Issuance Scheme (i.e. 10 million shares)

= 9.5 million new shares

**6.38 Can a listed issuer establish more than 1 Share Issuance Scheme at any point in time?**

Yes, a listed issuer may establish more than 1 Share Issuance Scheme provided that the aggregate number of shares available under all the Share Issuance Schemes does not exceed 15% of its total number of issued shares (excluding treasury shares).

***Share Issuance Scheme by subsidiary*****6.39 Is a Share Issuance Scheme undertaken by a subsidiary of a listed issuer subject to the approval of the listed issuer's shareholders?**

Generally, any Share Issuance Scheme implemented by a subsidiary of a listed issuer is no longer subjected to the approval of the listed issuer's shareholders under paragraph 6.44 of the Main LR. The Share Issuance Scheme implemented by the subsidiary will only require the approval of the listed issuer's shareholders if such Share Issuance Scheme is –

- (a) undertaken by a principal subsidiary<sup>6</sup> and results in, or could potentially result in, a dilution amounting to 25% or more of the listed issuer's equity interest in the principal subsidiary under paragraph 8.21 of the Main LR; or
- (b) very material and triggers the percentage ratio of 25% or more under paragraph 10.07 of the Main LR where it will be considered as a "disposal of asset" by the listed issuer, due to dilution of its equity interest in the subsidiary.

In determining whether the obligations under paragraphs 8.21 or 10.07 of the Main LR are triggered, the listed issuer must compute the relevant thresholds prior to implementation of the Share Issuance Scheme of the subsidiary based on the assumption that the Share Issuance Scheme is implemented in full.

***Dividend Reinvestment Scheme*****6.40 Will the shareholders having registered addresses outside Malaysia be entitled to participate in the Dividend Reinvestment Scheme?**

In addition to the requirements in Chapter 6 of the Main LR, a listed issuer which intends to issue shares pursuant to a Dividend Reinvestment Scheme must also comply with the relevant provisions of law governing such issuance.

Hence, the listed issuer must ensure that there is no prohibition under the relevant laws in determining whether shareholders having registered addresses outside Malaysia are entitled to participate in the Dividend Reinvestment Scheme.

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<sup>6</sup> A "principal subsidiary" is defined in paragraph 1.01 of the Main LR as a subsidiary which accounts for 25% or more of the profit after tax or total assets employed of the listed issuer based on the latest published or announced audited financial statements of the listed issuer or audited consolidated financial statements of the listed issuer, as the case may be.

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***Issuance of convertible securities***

**6.40A** Can a listed issuer revise the provisions in its deed poll or trust deed pertaining to the following changes as set out in paragraph 6.54(3) of the Main LR (“said restrictions”):

- the tenure of the convertible securities; or
- the number of shares received for the exercise or conversion of each convertible security or pricing mechanism for the exercise or conversion price (other than adjustments following certain corporate exercises),

if there are provisions allowing for alteration or adjustment in the deed poll or trust deed and the listed issuer complies with such provisions?

No, and this is clarified in paragraph 6.55(b)<sup>7</sup> of the Main LR. The said restrictions are imposed on convertible securities (other than debt securities<sup>8</sup>) to provide certainty to the holders of such securities and avoid changes or adjustments to the terms and conditions of the securities which may be detrimental to them.

***Requirements for new issue of securities by REITs***

**6.41** Is the SC’s approval required for any new issuance of securities by a REIT?

No, except for debt securities. A REIT may issue new securities such as placement, bonus issue, rights issue or issuances of new securities as consideration for an acquisition by procuring approval from Bursa Securities only.

***Electronic mode for submission and payment of specified corporate exercises***

**6.42** Can a listed issuer offer the electronic mode as the only way of performing the corporate exercises as specified under paragraph 6.08A of the Main LR?

No, a listed issuer must still provide the manual method in addition to the electronic mode. This is to ensure that securities holders may continue to use the manual method to perform the relevant steps or procedures specified, if they choose to do so.

**6.43** Where can a securities holder find out about the procedures for the subscription and payment of a rights issue?

The securities holder can obtain such information from the abridged prospectus of a rights issue.

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<sup>7</sup> Paragraph 6.55 of the Main LR stipulates that a listed issuer may make an alteration or adjustment to the terms of the convertible securities during the tenure of the securities only if such alteration or adjustment –

- (a) is provided upfront in the deed poll or trust deed governing the securities; and
- (b) does not relate to the provisions set out in paragraph 6.54(3) above.

<sup>8</sup> Paragraph 6.54(4) of the Main LR.

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6.44 The facts of the matter are as follows:

- *PLC A* announces its issuance of convertible securities on 30 June 2020.
- *PLC A* issues the convertible securities on 1 July 2021.
- *Shareholder B* intends to exercise/convert its convertible securities on 31 November 2021.

The requirements under paragraph 6.08A of the Main LR comes into effect for any rights issue, Dividend Reinvestment Scheme or issue of convertible securities announced on or after 2 February 2021. Based on the facts above, must *PLC A* facilitate the exercise/conversion of convertible securities by its securities holders electronically as required under paragraph 6.08A of the Main LR?

No. *PLC A* is only required to offer the electronic mode for issuance of convertible securities announced on or after 2 February 2021. However, *PLC A* may opt to offer the electronic mode to the securities holders provided that –

- it complies with all the requirements relating to the provision of electronic mode including the disclosure of the process involved in the notice of conversion or exercise of convertible securities; and
- the trust deed or deed poll in respect of the convertible securities facilitates such electronic mode.